

Attachment E: Q2 Budget Update

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, 2019.

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, 2019, the overall operating revenues and expenditures/transfers are 73% and 35% respectively, of the annual budgeted amount. This compares to 76% and 36% to the prior fiscal period. A summary of the actual operating revenues and expenditures/transfers compared to the budget is attached.

Revenues are expected to meet or exceed budget; revenues from short term rentals, 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, 2019. 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 and fourth quarters such as the Parks Boulevard program, summer recreation programs, Official Community Plan, Downtown Area Core Plan 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, 2019, the actual capital expenditures are at 18% spent of total budgeted expenditures for the year, compared to 13% in the prior year. Capital projects have varying schedules and the majority of the work planned for 2019 is scheduled to start in Q2 and Q3. A summary of capital programs and projects are attached.

At present, most capital projects are expected to be completed according to schedule; though some projects have been deferred/delayed. These projects include:

Attachment E: Q2 Budget Update

- Major Streets:
 - Gorge Road – Balfour to Harriet and Esquimalt Road – Tyee to Sitkum (deferred due to Point Ellice Bridge project)
 - Vancouver Street – Pandora to Caledonia and Bay Street – Cook to Fifth (deferred to coordinate with Vancouver Street bike lanes)
 - Yates Street – Cook to Douglas (deferred to coordinate with underground utility projects)
- Local Streets:
 - Blackwood – Hillside to Summit (deferred to coordinate with underground utility projects)
- Retaining Walls:
 - Dallas Road Bluff Study and Clover Point Shoreline Remediation (deferred pending outcome of the CRD Wastewater project)

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 2019 is 849.11 as attached. The FTE count has increased by 33.80 compared to the first quarter ending March 31, 2019 as a result of Council motions passed during the 2019 budget deliberations.

Changes to staffing levels include permanent positions for underground utilities, human resources, strategic real estate, mayor's office support, climate action, housing planners, urban forest master plan, Sunday parking ambassadors and transportation planners.

City of Victoria - Operating Budget Revenues/Funding Sources
For the Six Months Ending June 30, 2019

	Q1 2018 Actual	Q2 2018 Actual	2018 Budget	Variance	%	Explanation
Business and Community Relations						
Arts, Culture and Events	26,503	29,937	318,250	288,313	9%	Seasonal revenues
Third Party Billing - Special Events	13,452	8,555	-	(8,555)	-	Full cost recovery of related expenses
Economic Development	10,000	-	3,000	3,000	0%	Bastion Square Public Market License Fee
Neighbourhoods	-	5,600	-	(5,600)	-	BC Healthy Communities Grant received for the Municipal Alcohol Policy
Victoria Conference Centre (VCC)	1,839,706	1,812,994	3,986,370	2,173,376	45%	Seasonal revenues, majority of fees recognized between May - September
VCC Event Costs Paid by Clients	3,238,047	2,701,821	3,460,000	758,179	78%	Full recovery of related expenses
Legislative and Regulatory Services	23,000	34,600	35,000	400	99%	Rezoning Fees
Bylaw Services	555,341	722,535	687,937	(34,598)	105%	Dog and Short Term Rental licenses
Bylaw Enforcement Third Party Billing	8,612	10,566	-	(10,566)	-	Full cost recovery of related expenses
Council	-	17,475	23,300	5,825	75%	UBCM Grant for the Child Care Action Plan
Human Resources	-	-	59,167	59,167	0%	Funding for Inclusionary Policy and Program carried over from previous year; offsetting expenses
Real Estate	873,117	964,179	1,899,692	935,513	51%	
Engineering and Public Works						
Engineering and Public Works	379,053	210,359	1,971,070	1,760,711	11%	Transfer from reserve entries not recorded yet; grant payments not yet received
Third Party Billings	501,993	643,611	528,400	(115,211)	122%	Full cost recovery of related expenses
Solid Waste and Recycling	1,587,850	1,333,606	3,224,380	1,890,774	41%	Timing of billings
Sewer Utility	4,307,541	3,946,427	7,957,347	4,010,920	50%	Timing of billings
Water Utility	9,363,467	8,501,036	21,350,683	12,849,647	40%	Timing of billings
Storm Drain Utility	(7,267)	(2,334)	6,880,740	6,883,074	0%	Billing is in September
Finance						
Parking Services	9,272,119	9,518,765	19,107,800	9,589,035	50%	Total parkade transactions decreased by 3.5%; ParkVictoria transactions increased by 24%; compared to Q2 2018
Information Systems	-	-	195,002	195,002	0%	Funding for Records Management carried over from previous year; offsetting expenses
Parks, Recreation and Facilities	1,627,739	1,587,967	3,234,910	1,646,943	49%	Parks Boulevard program revenue recognized in Q2. Seasonal programs; with majority of revenue recognized in Q3 and facility rentals are trending lower. Transfer from reserve entries not yet done; include funding for Downtown Trees and High Risk Tree Removal
Sustainable Planning and Community Development	4,267,715	3,517,803	4,225,564	707,761	83%	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	74,813	82,748	226,750	144,002	36%	Mechanic program revenue, fire technical high angle rope rescue cost sharing and emergency management grants are received later in year
Corporate						
Payment in Lieu of Taxes/Special Assessments	3,319,729	2,574,403	7,625,149	5,050,746	34%	Payments received later in the year
Fees and Interest	1,087,082	2,074,010	3,490,000	1,415,991	59%	
Business and Other Licences	1,405,516	1,398,239	1,504,378	106,139	93%	Majority of business licenses revenue recognized in Q1
Overhead Recoveries	2,040,903	1,926,407	3,796,713	1,870,305	51%	

City of Victoria - Operating Budget Revenues/Funding Sources
For the Six Months Ending June 30, 2019

	Q2 2018 Actual	Q2 2019 Actual	2018 Budget	Variance	%	Explanation
Miscellaneous	3,690,568	3,043,565	11,932,621	8,889,056	26%	Revenues received later in year; includes Gas Tax and event and ticket surcharge revenue. Traffic Fine Revenue \$28,000 more than budget
Prior Year's Surplus	-	-	4,544,000	4,544,000	0%	
Victoria Police Department	4,204,345	4,720,154	9,864,490	5,144,336	48%	
Property Taxes	130,751,326	139,700,938	139,700,261	(677)	100%	
Total	\$ 194,492,273	\$ 191,085,808	\$ 261,837,371	\$ 70,247,808	23%	

**City of Victoria - Operating Budget Expenditures/Transfers to Reserve
For the Six Months Ending June 30, 2019**

	Q2 2018 Actual	Q2 2018 Actual	2019 Budget	Variance	%	Explanation
City Manager's Office	422,665	432,196	946,156	513,960	46%	
Council	327,764	383,001	854,836	471,835	45%	
Corporate Initiatives	-	141,369	296,231	154,862	48%	
Business and Community Relations						
Arts, Culture and Events	610,000	609,737	1,618,728	1,008,991	38%	Events are seasonal
Third Party Billing - Special Events	11,150	4,441	-	(4,441)		Full cost recovery; offsetting revenues
Economic Development	419,820	419,386	638,860	219,474	66%	Grant to SIPP paid in April
Neighbourhoods	253,053	281,969	600,286	318,317	47%	
Victoria Conference Centre (VCC)	1,688,048	1,509,663	3,299,467	1,789,803	46%	Vacancies
VCC Event Costs Paid by Clients	1,526,250	1,457,634	3,460,000	2,002,366	42%	Full cost recovery; offsetting revenues
Legislative Services	547,101	680,182	1,564,271	884,089	43%	Vacancies and transfer to reserve not done yet
Bylaw Services	715,079	875,111	1,972,753	1,097,643	44%	Vacancies and timing of short term rental expenses
Third Party Billing - Bylaw Enforcement	7,407	10,478	-	(10,478)		Full cost recovery; offsetting revenues
Real Estate	455,630	540,867	1,932,550	1,391,683	28%	Transfer to reserve for 812 Wharf Street not done; vacancies
Engagement	709,131	541,869	1,488,917	947,048	36%	Participatory budgeting projects scheduled for later in year; vacancies
Engineering and Public Works						
Engineering and Public Works	6,666,711	8,319,948	18,115,846	9,795,899	46%	
Third Party Billings	785,833	538,660	428,400	(110,260)	126%	Full cost recovery; offsetting revenues
Solid Waste & Recycling	1,332,441	1,383,018	3,224,380	1,841,362	43%	Transfer to capital & reserves not done yet
Water Utility	5,643,579	7,407,614	21,350,683	13,943,069	35%	Transfer to capital & reserves not done yet
Sewer Utility	1,659,426	1,915,074	7,957,347	6,042,273	24%	Transfer to capital & reserves not done yet
Stormwater Utility	1,416,836	1,646,031	6,880,740	5,234,708	24%	Transfer to capital & reserves not done yet
Finance						
Finance	1,872,797	1,929,761	4,386,096	2,456,336	44%	
Parking Services	4,170,018	4,364,082	10,611,713	6,247,622	41%	Broughton Revenue Share with Province recorded later in the year
Human Resources	853,403	781,668	2,268,450	1,486,782	34%	Vacancies
Information Systems	2,037,791	1,969,524	4,544,723	2,575,199	43%	
Legal Services	310,616	363,377	844,327	480,949	43%	
Parks, Recreation and Facilities						
Parks	4,966,840	5,021,823	12,818,027	7,796,204	39%	Seasonal work programs that start in Q2 & Q3 include the Parks Boulevard Program, Natural Resources, Turf and Field Management, High Risk Tree Removal; Urban Forest Management Program to start later in year
Recreation	2,056,858	2,235,121	4,702,595	2,467,475	48%	Seasonal programs that start in Q2 & Q3 include Summer Camps, Outdoor Recreation and RAP
Facilities	2,441,393	2,726,579	6,186,295	3,459,716	44%	
Sustainable Planning and Community Development	2,646,486	2,440,146	7,005,631	4,565,485	35%	The majority of the Downtown Core Area Plan, Official Community Plan and Victoria Housing Strategy work is scheduled for later in the year
Victoria Fire Department	8,001,424	8,570,722	17,677,598	9,106,876	48%	
Corporate						
Contingencies	-	-	1,870,579	1,870,579	0%	
Debt Principal, Interest and Reserve Transfer	1,996,947	2,283,025	8,167,942	5,884,917	28%	Timing of debt payments; and transfer to reserve not done yet
Grants	610,291	491,419	3,502,530	3,011,111	14%	Majority of grants are paid in July
Miscellaneous	860,715	1,298,406	3,749,042	2,450,636	35%	Canada Day and Crest Levy expenses not recorded yet, and timing of projects including Citizen Assembly and the Witness Reconciliation program
Transfers to Reserve	-	-	22,867,459	22,867,459	0%	Transfers to reserve not recorded yet
Transfer to Capital Budget	-	-	11,140,000	11,140,000	0%	Year end transfer not recorded yet
Greater Victoria Public Library	2,611,135	2,524,067	5,451,900	2,927,833	46%	
Victoria Police Department	26,137,597	25,113,037	57,437,460	32,324,423	44%	Transfer to reserve and year end entries not recorded yet

City of Victoria - Capital Budget Expenditures
City of Victoria - Capital Budget Expenditures
For the Six Months Ending June 30, 2019

	Q2 2019 Actual	2019 Budget	Variance	%	Explanation
Active Transportation	2,729,722	19,045,000	16,315,278	14%	Complete projects include Humboldt and Wharf Street bike lanes, JSB Public Realm Janion Plaza project, asphalt improvements and new paint on the DFHP at Ship point and Blackwood - Topaz to Summit sidewalk. In progress with a majority of other projects are scheduled for Q3 and Q4
Complete Streets	1,348,943	4,363,000	3,014,057	31%	Complete projects include Fort - Oak Bay to Belcher and Superior - Menzies to Gov't, Delta - Burnside to Gama and Shakespeare - Hillside to Myrtle. In progress with a majority of projects scheduled for Q3 and Q4; Belleville Street to be complete in Q4
Neighbourhoods	24,495	70,000	45,505	35%	Wayfinding projects scheduled throughout the year
Parks	931,977	6,202,000	5,270,023	15%	Cecelia Ravine New Park complete; Songhees Park Expansion design, Topaz Park design and Laurel Point Park Improvement Plan to procure services in Q3 and Q4. Majority of other projects are scheduled throughout Q3 and Q4
Street Infrastructure	413,915	1,913,000	1,499,085	22%	In progress with majority of the projects to start throughout the year
Retaining Walls and Railings	699,688	1,557,000	857,312	45%	Ship Point Pier is complete; Dallas Road Bluff Study and Clover Point Shoreline Remediation is on hold pending outcome of the CRD Waste Water project; majority of other projects scheduled throughout the year
Bridges	1,180,554	8,283,000	7,102,446	14%	Point Ellice Bridge Rehabilitation/Painting started in Q2, to be complete Q4
Facilities	1,175,393	18,661,000	17,485,607	6%	Projects complete/substantially complete include: City Hall Window Replacement and West HVAC Design, Centennial Parkade Repairs, Johnson St Parkade Roof Repair, Visitor's Centre (812 Wharf St) Elevator Upgrade & Bathroom Partition Replacement, SOFMC Boards Replacement, Public Works Yard Cameras, VCC Freight Elevator Repair. Majority of remaining projects in progress
Equipment	838,389	9,959,000	9,120,611	8%	Vehicle and Heavy Equipment procurement underway, majority of projects to start in Q2 and Q3
Environmental Remediation	74,575	2,151,000	2,076,425	3%	Laurel Point Park environmental remediation is complete and post remediation reporting will start this fall; portion of budget only spent if needed
Sanitary Sewers	2,526,198	9,079,000	6,552,802	28%	Carry forward projects are complete; design for 2019 mains projects complete; majority of projects in progress with completion expected in Q3 and Q4. Lining projects scheduled to start and complete in Q3
Stormwater	2,588,661	6,746,000	4,157,339	38%	Carry forward mains replacement and brick main rehabilitation projects are complete; 2019 mains and brick main replacement design complete. Majority of projects are scheduled to start in Q3 and Q4
Waterworks	2,598,062	6,691,000	4,092,938	39%	Carry forward projects are complete; water replacement work on Dallas road in conjunction with CRD Forcemain complete. Projects are in progress and other projects are scheduled to start in Q3 and Q4
Contingency	-	350,000	350,000	0%	
Victoria Police	419,431	2,107,000	1,687,569	20%	Vehicle replacement underway and projects scheduled throughout the year
	16,400,000	16,400,000	16,400,000	100%	

**City of Victoria - Budgeted Full-Time Equivalent Employees
For the Six Months Ending June 30, 2019**

	FTE 2019
Business and Community Relations	
Arts, Culture & Events	7.29
Economic Development	2.00
Neighbourhoods	3.00
Victoria Conference Centre	13.62
Bylaw Services	10.00
City Manager's Office	7.00
Council	1.00
Deputy City Manager	2.00
Engagement	11.00
Engineering & Public Works	296.72
Finance	85.07
Human Resources	13.00
Information Systems	23.00
Legal Services	4.00
Legislative Services	9.88
Parks, Recreation and Facilities	187.75
Real Estate	5.00
Sustainable Planning and Community Development	44.43
Victoria Fire Department	124.09
Total	849.85