

## **Attachment D: Q3 Budget Update**

### Budget Update

This report outlines the actual results compared to the budget for operating and capital budgets and staffing levels for the third quarter ending September 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 September 30, 2019, the overall operating revenues and expenditures/transfers are 89% and 67% respectively, of the annual budgeted amount. This compares to 88% and 69% 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 rezoning, short term rentals, permits and inspections are trending higher than expected for the third quarter. Dog licenses and business licenses are collected in the first half of the year resulting in a higher percentage of actual to budgeted revenue in that department.

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, 2019. Seasonal impacts are reflected in Parks, Recreation and Corporate budgets due to work programs that commence in the third and fourth quarters such as the Parks Boulevard program, recreation programs and year end accounting entries.

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

### Capital Budget

As of September 30, 2019, the actual capital expenditures are at 29% spent of total budgeted expenditures for the year, compared to 19% in the prior year. Capital projects have varying schedules and the majority of the work planned for 2019 started in Q2 and Q3 with some projects starting in Q4. 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:

### Active Transportation

## Attachment D: Q3 Budget Update

- Pathway Upgrades
  - Dallas cliffs beach path, Holland Point below Yacht Pond, Horseshoe Bay stairs at Dallas Rd (deferred pending outcome of the CRD Wastewater project)

### Complete Streets

- Major Streets
  - Gorge Road and Esquimalt Road (deferred due to Point Ellice Bridge project)
  - Vancouver Street and Bay Street (deferred to coordinate with Vancouver Street bike lanes)
  - Yates Street (deferred to coordinate with underground utility projects)
- Local Streets
  - Blackwood (deferred to coordinate with underground utility projects)

### Street Infrastructure

- Traffic Controller Replacement (deferred pending design completion)

### Retaining Walls and Railings

- Dallas Road Bluff Study and Clover Point Shoreline Remediation (deferred pending outcome of the CRD Wastewater project)

### Parks

- Songhees Park Expansion (deferred due to resourcing challenges and other organizational priorities)

### Equipment

- Underground Fuel Storage Tank Replacement (deferred pending completion of Public Works Master Plan)

Should adjustments be required, reports providing details and options will be brought forward 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 849.85 as attached.

**City of Victoria - Operating Budget Revenues/Funding Sources**  
**For the Nine Months Ending September 30, 2019**

	Q3 2018 Actual	Q3 2019 Actual	2019 Budget	Variance	%	Explanation for Variance
<b>Business and Community Relations</b>						
Arts, Culture and Events	77,822	82,841	318,250	235,409	26%	Seasonal revenues, year end transfer from Public Art reserve entry not recorded yet
Third Party Billing - Special Events	46,880	22,893	-	(22,893)	-	Full cost recovery of related expenses
Economic Development	10,000	3,000	3,000	-	100%	
Neighbourhoods	-	5,600	-	(5,600)	-	Grant received for the Municipal Alcohol Policy
Victoria Conference Centre (VCC)	3,285,800	2,758,835	3,986,370	1,227,535	69%	Seasonal revenues
VCC Event Costs Paid by Clients	4,768,487	3,940,960	3,460,000	(480,960)	114%	Full recovery of related expenses
<b>Legislative and Regulatory Services</b>	47,200	56,400	35,000	(21,400)	161%	Rezoning Hearing Fees
<b>Bylaw Services</b>	659,234	818,054	687,937	(130,117)	119%	Dog licences and Short Term Rental licenses
Bylaw Enforcement Third Party Billing	13,390	12,214	-	(12,214)	-	Full cost recovery of related expenses
<b>Council</b>	-	17,475	23,300	5,825	75%	UBCM Grant for the Child Care Action Plan
<b>Human Resources</b>	-	-	59,167	59,167	0%	Funding for Inclusionary Policy and Program carried over from previous year; offsetting expenses
<b>Real Estate</b>	1,376,423	1,464,587	1,899,692	435,105	77%	
<b>Engineering and Public Works</b>						
Engineering and Public Works	475,285	280,263	1,971,070	1,690,807	14%	Transfer from reserve entries not recorded yet, grant payments not yet received
Third Party Billings	717,650	865,693	528,400	(337,293)	164%	Full cost recovery of related expenses
Solid Waste and Recycling	2,090,198	2,407,322	3,224,380	817,058	75%	Timing of billings
Sewer Utility	5,525,147	6,246,547	7,957,347	1,710,800	79%	Timing of billings
Water Utility	13,053,710	15,759,614	21,350,683	5,591,069	74%	Timing of billings
Storm Drain Utility	1,267,445	1,298,165	6,880,740	5,582,575	19%	Billing is in October
<b>Finance</b>						
Parking Services	14,056,853	14,705,966	19,107,800	4,401,834	77%	Total parkade transactions decreased by 4%; street parking increased by 5%; ParkVictoria transactions increased by 27% compared to Q3 2018
<b>Information Systems</b>	-	-	195,002	195,002	0%	Funding for Records Management carried over from previous year; offsetting expenses
<b>Parks, Recreation and Facilities</b>	2,331,473	2,318,365	3,234,910	916,545	72%	Transfer from reserve entries not recorded yet. Seasonal programs Summer Camps, Outdoor Recreation and RAP Food and Beverage increased revenues offset by increased expenditures
<b>Sustainable Planning and Community Development</b>	5,267,675	4,797,862	4,225,564	(572,298)	114%	Building permits, electrical and plumbing permits and rezoning revenues are trending higher; year end entry to transfer amount to Development Stabilization Reserve account not recorded yet
<b>Victoria Fire Department</b>	95,441	107,697	226,750	119,053	47%	Emergency Management grant not yet received
<b>Corporate</b>						
Payment in Lieu of Taxes/Special Assessments	4,397,040	4,631,058	7,625,149	2,994,091	61%	Payments received later in the year
Fees and Interest	3,107,402	5,119,337	3,490,000	(1,629,337)	147%	Timing of investment income varies from year to year
Business and Other Licences	1,392,060	1,401,554	1,504,378	102,824	93%	Majority of business licenses revenue recognized in Q2
Overhead Recoveries	2,651,705	2,847,536	3,796,713	949,177	75%	
Miscellaneous	5,853,615	8,820,345	11,942,621	3,122,277	74%	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	3,809,825	4,544,049	4,544,000	(49)	100%	
<b>Victoria Police Department</b>	6,711,214	7,054,208	10,351,840	3,297,632	68%	

Property Taxes	130,751,326	139,700,938	139,700,261	(677)	100%
Total	\$ 213,840,299	\$ 232,089,377	\$ 262,330,324	\$ 30,240,947	88%

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

	Q3 2018 Actual	Q3 2019 Actual	2019 Budget	Variance	%	Explanation for Variance
<b>City Manager's Office</b>	655,870	677,429	946,156	268,727	72%	
<b>Council</b>	475,848	572,553	860,982	288,429	67%	Timing of costs for Child Care Action Plan; offsetting grant revenue
<b>Corporate Initiatives</b>	-	215,441	296,231	80,790	73%	
<b>Business and Community Relations</b>	-	-	-			
Arts, Culture and Events	1,170,438	1,198,696	1,618,728	420,032	74%	Events are seasonal. Majority of Public Art projects are scheduled for completion by the end of Q4; the Unity Project is delayed to 2020
Third Party Billing - Special Events	46,971	16,849	-	(16,849)		Full cost recovery; offsetting revenues
Economic Development	502,143	532,150	638,860	106,710	83%	Grant to South Island Prosperity project paid in April
Neighbourhoods	394,552	432,634	600,286	167,652	72%	
Victoria Conference Centre (VCC)	2,380,026	2,337,078	3,299,467	962,389	71%	Vacancies
VCC Event Costs Paid by Clients	4,324,608	3,826,906	3,460,000	(366,906)	111%	Full cost recovery; offsetting revenues
<b>Legislative Services</b>	894,128	1,041,568	1,564,271	522,703	67%	Vacancies and transfer to reserve not done yet
<b>Bylaw Services</b>	1,166,696	1,318,101	1,972,753	654,653	67%	Vacancies and timing of short term rental expenses
Third Party Billing - Bylaw Enforcement	12,186	16,396	-	(16,396)		Full cost recovery; offsetting revenues
<b>Real Estate</b>	692,998	807,663	1,932,550	1,124,886	42%	Vacancies and transfer to reserve for 812 Wharf Street not done
<b>Engagement</b>	1,163,490	857,457	1,488,917	631,460	58%	Participatory budgeting projects scheduled for Q3; vacancies
<b>Engineering and Public Works</b>	-	-	-			
Engineering and Public Works	10,421,207	11,838,339	18,115,846	6,277,507	65%	Vacancies; Climate Action, NTMP initiatives, Accessibility Framework and Sustainable Mobility Strategy in progress
Third Party Billings	1,083,502	751,113	428,400	(322,713)	175%	Full cost recovery; offsetting revenues
Solid Waste & Recycling	2,189,541	2,244,163	3,224,380	980,217	70%	Transfer to capital & reserves not done yet
Water Utility	9,898,366	11,767,397	21,350,683	9,583,286	55%	Transfer to capital & reserves not done yet
Sewer Utility	2,421,765	2,783,146	7,957,347	5,174,201	35%	Transfer to capital & reserves not done yet
Stormwater Utility	2,191,275	2,621,911	6,880,740	4,258,828	38%	Transfer to capital & reserves not done yet
<b>Finance</b>	-	-	-	-		
Finance	2,919,719	3,008,371	4,386,096	1,377,726	69%	Vacancies
Parking Services	6,542,455	6,785,210	10,611,713	3,826,504	64%	Portion of Broughton parkade revenue share with Province, transfer to reserve and payment to BC Transit for youth bus passes not done yet
Human Resources	1,327,160	1,393,566	2,270,934	877,369	61%	Vacancies
<b>Information Systems</b>	3,241,807	3,130,903	4,542,396	1,411,493	69%	Vacancies
<b>Legal Services</b>	529,439	576,693	844,327	267,634	68%	Timing of legal expenses
<b>Parks, Recreation and Facilities</b>	-	-	-			
Parks	7,595,795	7,878,668	12,818,027	4,939,359	61%	Urban Forest Management program delayed due to vacancies; seasonal work programs continue into Q4 that include natural areas and boulevard programs
Recreation	3,591,477	3,708,254	4,702,595	994,341	79%	Seasonal programs; Summer Camps, Outdoor Recreation and RAP; increased expenses offset with increased revenues; Crystal Pool building maintenance costs are trending higher

Facilities	3,758,597	4,092,623	6,186,295	2,093,672	66%	Vacancies
<b>Sustainable Planning and Community Development</b>	4,120,188	3,716,334	7,010,947	3,294,613	53%	Downtown Core Area Plan implementation and Official Community Plan implementation will be carried forward to 2020
<b>Victoria Fire Department</b>	12,264,996	13,246,779	17,677,598	4,430,819	75%	
<b>Corporate</b>	-	-	-			
Contingencies	-	-	1,829,116	1,829,116	0%	
Debt Principal, Interest and Reserve Transfer	3,038,368	3,346,947	8,167,942	4,820,995	41%	Timing of debt payments; transfer to reserve not done yet
Grants	2,991,338	3,289,063	3,502,530	213,466	94%	Most grants paid in July
Miscellaneous	1,613,253	1,335,676	3,759,042	2,423,366	36%	Crest Levy expense and year end entries not recorded yet; timing of projects including Citizen Assembly and Witness Reconciliation program
Transfers to Reserve	15,553,815	19,699,929	22,867,459	3,167,530	86%	Transfers to reserve not recorded yet
Transfer to Capital Budget	10,165,000	11,140,000	11,140,000	-	100%	
<b>Greater Victoria Public Library</b>	4,336,762	3,837,408	5,451,900	1,614,492	70%	
<b>Victoria Police Department</b>	39,943,456	40,722,465	57,924,810	17,202,345	70%	Transfer to reserve and year end entries not recorded yet
<b>Total</b>	<b>\$ 165,619,235</b>	<b>\$ 176,765,877</b>	<b>\$ 262,330,324</b>	<b>\$ 85,564,446</b>	<b>67%</b>	

**City of Victoria - Capital Budget Expenditures**  
**For the Nine Months Ending September 30, 2019**

	Q3 2019 Actual	2019 Budget	Variance	%	Explanation for Variance
<b>Active Transportation</b>	6,144,577	19,045,000	12,900,423	32%	Bicycle Master Plan Wharf/Humboldt complete, Vancouver/Graham/Jackson/Harbour design to be awarded in Q4 with construction scheduled for 2020. Other completed projects: JSB Public Realm Janion Plaza project, asphalt improvements and new paint on the DFHP at Ship Point, JSB underpass connection, Blackwood and Gonzales sidewalk and Traffic Calming at Reno/Belton. Majority of other projects in progress or scheduled for completion Q4
<b>Complete Streets</b>	2,311,480	4,363,000	2,051,520	53%	Complete projects include Fort, Superior, Delta, Shakespeare and Maud. Blackwood, Yates, Gorge, Esquimalt, Vancouver and Bay projects deferred to coordinate with underground utilities, Point Ellice Bridge or Bike Lane projects. Gonzales and Denman projects in progress; Belleville to be complete Q4
<b>Neighbourhoods</b>	26,227	70,000	43,773	37%	The majority of Wayfinding projects to be complete in Q4
<b>Parks</b>	1,326,966	6,202,000	4,875,034	21%	Cecelia Ravine New Park and Summit Park Playground complete. Majority of other projects in progress and scheduled for completion in Q4. Songhees Park Expansion has been deferred to 2020
<b>Street Infrastructure</b>	811,471	1,913,000	1,101,529	42%	Accessible Pedestrian Signals Pilot Project is complete. Majority of other projects in progress and scheduled for completion in Q4. Fire Pre-Emption Equipment awarded in Q3 and scheduled to complete in 2020. Traffic Signal Fibre Optic Upgrade and Traffic Controller Replacement are deferred to 2020
<b>Retaining Walls and Railings</b>	748,769	1,707,000	958,231	44%	Ship Point Pier is complete; majority of other projects are in progress. Dallas Road Bluff Study and Clover Point Shoreline Remediation is on hold pending outcome of the CRD Waste Water project
<b>Bridges</b>	3,327,479	8,283,000	4,955,521	40%	Point Ellice Bridge Rehabilitation/Painting complete in Q4
<b>Facilities</b>	1,859,844	18,661,000	16,801,156	10%	Projects complete include Centennial and Johnson Parkade repairs, Visitor's Centre (812 Wharf St) elevator upgrade, Victoria Conference Centre upgrades, including wheelchair lift modernization, and Topaz Park washroom roof. Majority of remaining projects in progress, including community centre, public washroom, and additional parkade improvements
<b>Equipment</b>	1,519,427	9,959,000	8,439,573	15%	Vehicle and Heavy Equipment procurement and other projects are in progress. Underground Fuel Storage Tank Replacement is on hold pending completion of the Public Works Master Plan
<b>Environmental Remediation</b>	112,290	2,151,000	2,038,710	5%	Laurel Point Park environmental remediation is complete and post remediation reporting will start this fall; portion of budget only spent if needed
<b>Sanitary Sewers</b>	3,262,864	8,779,000	5,516,136	37%	Carry forward projects and design for 2019 mains projects complete. Humboldt Forcemain Phase 2 is scheduled to complete in Q1 2020. Majority of other projects in progress with completion expected in Q4
<b>Stormwater</b>	2,757,109	6,496,000	3,738,891	42%	Carry forward projects and design for 2019 mains and brick main replacement is complete. Majority of other projects started Q3 or are scheduled to start in Q4
<b>Waterworks</b>	2,805,095	6,141,000	3,335,905	46%	Carry forward projects are complete. Water replacement work on Dallas Road in conjunction with CRD Forcemain complete. Majority of other projects are in progress, started Q3 or are scheduled to start in Q4
<b>Contingency</b>	-	350,000	350,000	0%	
<b>Victoria Police</b>	898,979	2,107,000	1,208,021	43%	Vehicle replacement underway and projects scheduled throughout the year
<b>Total</b>	<b>27,912,574</b>	<b>96,227,000</b>	<b>68,314,426</b>	<b>29%</b>	

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

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