

## **Attachment D**

### **Budget Update**

This report outlines the actual results compared to the budget for operating and capital budgets and staffing levels for the first triannual period ending April 30, 2020.

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 for 2020 will be reporting the progress every four months 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 April 30, 2020, the overall operating revenues and expenditures/transfers are 11% and 24% respectively, of the annual budgeted amount. This compares to 12% and 25% to the prior fiscal period. A summary of the actual operating revenues and expenditures/transfers compared to the budget is attached.

Due to the COVID-19 pandemic, revenues are not expected to meet budget. The City is currently experiencing significantly reduced revenues for parking. The Victoria Conference Centre closure has resulted in all bookings for 2020 either being cancelled or re-booked for future years. The Crystal Pool and Fitness Centre closure resulted in revenue loss, although with offsetting lower expenditures, the net financial impact is negligible. Property lease revenue is anticipated to significantly decrease. In addition, the City expects lower seasonal revenues from special events. The overall low percentage of actual to budgeted revenue is also directly related to the property tax and payment in lieu of tax payments that are generally collected in the latter half of the year. Conversely, 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.

To mitigate the uncertainty of revenue shortfalls and additional expenditures due to COVID-19, Council deferred initiatives totalling approximately \$3 million. Seasonal variations in municipal operations and accounting processes that occur outside the triannual basis affect the proportion of revenues received or expenditures incurred to April 30, 2020. Seasonal impacts are reflected in Parks and Corporate budgets due to work programs that will commence in the second and third quarter, such as the Parks boulevard maintenance program. In addition, for Sustainable Planning and Community Development, implementation of the Official Community Plan and Downtown Area Core Plan have varying timelines.

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

## **Attachment D**

### Capital Budget

As of April 30, 2020, the actual capital expenditures are at 10% spent of total budgeted expenditures for the year, compared to 11% in the prior year. In response to the pandemic, \$22 million of capital projects have been deferred and will be reviewed in August 2020. Over \$80 million in capital projects were approved to be implemented this year. Capital projects have varying schedules and the majority of the work planned for 2020 is scheduled to start in Q2 and Q3. Capital projects are expected to be completed according to schedule, however unplanned or unforeseen factors could arise and delay completion dates.

At present, capital projects are expected to be completed according to schedule. 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 2020 is 888.28 as attached.

**City of Victoria - Operating Budget Revenues/Funding Sources**  
**For the Four Months Ending April 30, 2020**

	T1 2019 Actual	T1 2020 Actual	2020 Budget	Variance	%	Explanation for Variance
<b>Business and Community Relations</b>						
Arts, Culture and Events	7,224	4,182	518,750	514,568	1%	Transfers from reserve entries not recorded yet for Public Art Creation and Maintenance. Seasonal revenues from special events, film permits and rental of festival equipment are forecasted to decrease due to COVID-19
Third Party Billing - Special Events	2,960	234	-	(234)	-	Full cost recovery of related expenses
Economic Development	-	-	3,000	3,000	0%	
Neighbourhoods	5,600	-	15,600	15,600	-	Downtown urinals paid for by late night businesses; program deferred due to COVID-19
Victoria Conference Centre (VCC)	884,894	645,029	3,991,077	3,346,048	16%	Facility temporarily closed since March due to COVID-19; seasonal revenues are forecasted to decrease
VCC Event Costs Paid by Clients	1,240,475	1,352,837	3,460,000	2,107,163	39%	Facility temporarily closed since March due to COVID-19; full cost recovery of related expenses
<b>Legislative Services</b>	22,800	24,200	35,000	10,800	69%	Rezoning Fees
<b>Bylaw Services</b>	650,725	720,143	872,487	152,344	83%	Dog and Short Term Rental licenses
Bylaw Enforcement Third Party Billing	8,396	2,987	-	(2,987)	-	Full cost recovery of related expenses
<b>Council</b>	-	-	12,830	12,830	0%	UBCM Grant for the Child Care Action Plan and Strategy to be received later in year
<b>Human Resources</b>	-	-	25,000	25,000	0%	Funding for Training for Accessibility Framework implementation carried over from previous year; offsetting expenses
<b>Real Estate</b>	637,913	644,868	1,944,818	1,299,950	33%	Future lease revenue is forecasted to decrease due to COVID-19
<b>Engagement</b>	-	-	114,267	114,267	0%	Funding for Strategic Plan Support, Youth Strategy Coordinator and Respectful Facilitation Training and Engagement carried over from previous year; offsetting expenses
<b>Engineering and Public Works</b>						
Engineering and Public Works	165,630	235,774	2,201,130	1,965,356	11%	Funding for projects carried over from previous years include Traffic Calming Initiatives, Accessibility Framework and Zero Waste Strategy; offsetting expenses. Transfer from reserve entries not recorded yet, grant payments not yet received
Third Party Billings	547,484	387,165	528,400	141,235	73%	Full cost recovery of related expenses
Solid Waste and Recycling	837,307	1,092,825	3,333,827	2,241,002	33%	Timing of billings
Sewer Utility	1,665,186	2,338,756	8,138,432	5,799,676	29%	Timing of billings
Water Utility	4,977,302	6,545,195	22,197,705	15,652,510	29%	Timing of billings
Storm Drain Utility	(1,629)	(2,666)	6,996,856	6,999,522	0%	Billings in the fall
<b>Finance</b>						
Parking Services	6,259,232	4,865,795	19,717,225	14,851,430	25%	Total parkade transactions decreased by 34%, parking on street transactions decreased by 25% and ParkVictoria transactions decreased by 8%; compared to T1 2019. Revenue is forecasted to significantly decrease due to COVID-19
<b>Information Technology</b>	-	-	195,002	195,002	0%	Funding for Records Management carried over from previous year; offsetting expenses
<b>Parks, Recreation and Facilities</b>	635,366	430,053	3,241,158	2,811,105	13%	Crystal Pool & Fitness Centre temporarily closed since March due to COVID-19 resulting in no revenue generation; offsetting costs reduction. Boulevard Tax due in July and transfer from reserve entries not yet done
<b>Sustainable Planning and Community Development</b>	2,133,421	1,039,350	4,688,523	3,649,173	22%	Funding for Downtown Core Area Plan, Office Community Plan and Victoria Housing Strategy Implementation carried over from previous year; offsetting expenses
<b>Victoria Fire Department</b>	36,921	52,594	266,562	213,968	20%	Funding for Emergency Management Pilot programs carried over from previous year; offsetting expenses. Mechanic program revenue, confined space and fire technical high angle rope rescue cost sharing and emergency management grants are received later in year
<b>Corporate</b>						
Payment in Lieu of Taxes/Special Assessments	30,802	31,822	7,639,500	7,607,678	0%	Payments received later in the year
Fees and Interest	1,562,652	1,733,841	3,990,000	2,256,159	43%	Investment income received throughout the year
Business and Other Licences	1,378,842	1,402,475	1,504,000	101,525	93%	Majority of business licenses revenue recognized in T1
Overhead Recoveries	848,422	1,223,270	3,887,876	2,664,606	31%	
Miscellaneous	999,472	2,431,439	8,602,571	6,171,132	28%	Revenues received later in year include Gas Tax and lease revenue under operating agreement with RG Properties. Traffic Fine Revenue \$300,000 under budget offset by Fortis revenue \$50,000 more than budget. Ticket surcharge revenue related to the arena is forecasted to decrease due to COVID-19
Prior Year's Surplus	-	-	3,329,825	3,329,825	0%	
<b>Victoria Police Department</b>	3,245,132	2,908,723	10,116,159	7,207,436	29%	
<b>Property Taxes</b>	-	-	143,327,240	143,327,240	0%	
<b>Total</b>	<b>\$ 28,782,529</b>	<b>\$ 30,110,891</b>	<b>\$ 264,894,820</b>	<b>\$ 234,783,929</b>	<b>11%</b>	

**City of Victoria - Operating Budget Expenditures/Transfers to Reserve  
For the Four Months Ending April 30, 2020**

	T1 2019 Actual	T1 2020 Actual	2020 Budget	Variance	%	Explanation for Variance
<b>City Manager's Office</b>	281,632	291,161	971,413	680,252	30%	
<b>Council</b>	216,599	277,806	876,562	598,756	32%	
<b>Corporate Initiatives</b>	94,344	92,815	306,040	213,225	30%	
<b>Business and Community Relations</b>						
Arts, Culture and Events	329,989	295,171	1,840,871	1,545,700	16%	Events are seasonal; costs related to special events are forecasted to decrease due to COVID-19; offsetting decrease in revenues
Third Party Billing - Special Events	2,318	2,830	-	(2,830)	-	Full cost recovery; offsetting revenues
Economic Development	355,377	169,203	644,290	475,087	26%	Grant to SIPP paid in T2
Neighbourhoods	194,919	190,738	620,490	429,752	31%	Council reallocated \$152,500 from the Late Night Great Night Program budget to provide support services for the vulnerable population and additional public safety measures at Topaz Park due to COVID-19
Victoria Conference Centre (VCC)	940,248	841,417	3,367,458	2,526,041	25%	Facility temporarily closed since March due to COVID-19, costs are forecasted to decrease; offsetting decrease in revenues
VCC Event Costs Paid by Clients	841,823	356,090	3,460,000	3,103,910	10%	Facility temporarily closed since March due to COVID-19. Full cost recovery; offsetting revenues
<b>Legislative Services</b>	302,063	442,840	1,711,069	1,268,229	26%	By-election has been deferred due to COVID-19
<b>Bylaw Services</b>	557,984	540,390	2,367,332	1,826,942	23%	
Third Party Billing - Bylaw Enforcement	8,308	3,297	-	(3,297)	-	Full cost recovery; offsetting revenues
<b>Real Estate</b>	276,070	395,853	1,893,688	1,497,835	21%	Transfer to reserve for 812 Wharf Street done at year end
<b>Engagement</b>	349,995	399,597	1,552,690	1,153,093	26%	Participatory budgeting project scheduled for later in year
<b>Engineering and Public Works</b>						
Engineering and Public Works	5,197,239	5,295,647	19,030,083	13,734,436	28%	Climate Action, NTMP initiatives, Accessibility Framework, Zero Waste Strategy in progress; response to weather events over budget due to winter conditions - typically funded by Contingency budget
Third Party Billings	359,717	252,796	428,400	175,604	59%	Full cost recovery; offsetting revenues
Solid Waste & Recycling	887,575	935,479	3,333,828	2,398,349	28%	Transfer to capital and reserves not done yet
Water Utility	3,659,502	4,694,862	22,197,705	17,502,843	21%	Transfer to capital and reserves not done yet
Sewer Utility	1,232,282	1,164,891	8,138,432	6,973,541	14%	Transfer to capital and reserves not done yet
Stormwater Utility	1,048,599	1,286,021	6,996,856	5,710,835	18%	Transfer to capital and reserves not done yet
<b>Finance</b>						
Finance	1,267,980	1,287,530	4,471,074	3,183,544	29%	
Parking Services	2,826,241	3,525,524	11,136,713	7,611,189	32%	Timing of debt payments to MFA
Human Resources	504,831	624,805	2,335,405	1,710,600	27%	
<b>Information Technology</b>	1,541,424	1,708,032	4,659,452	2,951,420	37%	Timing of software licensing payments
<b>Legal Services</b>	218,657	263,502	878,916	615,414	30%	
<b>Parks, Recreation and Facilities</b>						
Parks	3,276,737	3,554,293	12,986,890	9,432,597	27%	Vacancies, seasonal work programs that start in Q2 and Q3 include the Parks Boulevard Program, Turf and Field Management and Natural Resource
Recreation	1,360,207	1,172,987	5,138,679	3,965,692	23%	Crystal Pool & Fitness Centre temporarily closed since March due to COVID-19; seasonal programs may start in Q2 and Q3 include summer camps, outdoor recreation and RAP; offsetting revenues
Facilities	1,989,358	1,923,234	6,299,136	4,375,902	31%	
<b>Sustainable Planning and Community Development</b>	1,644,261	1,740,335	6,920,141	5,179,806	25%	The majority of the Downtown Core Area Plan, Official Community Plan and Victoria Housing Strategy work is scheduled for later in the year
<b>Victoria Fire Department</b>	5,585,343	5,850,198	17,816,835	11,966,637	33%	
<b>Corporate</b>						
Contingencies	-	-	4,132,537	4,132,537	0%	Includes \$3 million delayed one-time and ongoing initiatives
Debt Principal, Interest and Reserve Transfer	1,713,206	1,735,706	8,167,942	6,432,236	21%	Timing of debt payments; transfer to reserve not done yet
Grants	408,212	512,669	4,105,219	3,592,550	12%	Timing of grant payments
Miscellaneous	635,801	906,975	3,801,176	2,894,201	24%	Crest Levy expenses not recorded yet, one-time Our Place storage facility not paid yet, timing of initiatives including Citizen Assembly and Community Wellness
Transfers to Reserve	-	-	15,329,284	15,329,284	0%	Transfers to reserves not recorded yet
Transfer to Capital Budget	-	-	11,640,000	11,640,000	0%	Transfer to reserve not recorded yet
<b>Greater Victoria Public Library</b>	1,631,395	1,746,280	5,542,404	3,796,124	32%	
<b>Victoria Police Department</b>	16,791,036	18,810,319	59,795,810	40,985,491	31%	
<b>Total</b>	<b>\$ 58,531,272</b>	<b>\$ 63,291,293</b>	<b>\$ 264,894,820</b>	<b>\$ 201,603,527</b>	<b>24%</b>	

**City of Victoria - Capital Budget Expenditures**  
**For the Four Months Ending April 30, 2020**

	T1 2019 Actual	T1 2020 Actual	2020 Budget	Variance	%	Explanation for Variance
<b>Active Transportation</b>	1,179,440	1,146,264	12,540,000	11,393,736	9%	Vancouver, Graham, Jackson and Harbour Road bike lane project is scheduled to issue tender in T2 and project to be complete in early 2021, the JSB Public Realm is in progress with a scheduled completion date in T3, pathway, crosswalk and traffic calming projects are underway
<b>Complete Streets</b>	557,209	828,237	6,377,000	5,548,763	13%	In progress with a majority of projects scheduled to start in T2; several projects are coordinated with underground utilities, BMP and CRD projects
<b>Parks</b>	596,526	158,527	4,048,000	3,889,473	4%	Songhees Park Expansion design phase in progress; tender and construction scheduled to start in T3, Laurel Point Park concept design to be complete in T2, Parks infrastructure projects are scheduled to start in T3, design for the Artificial Turf Field scheduled to start in T2 and complete in early 2021 and the Dallas Road Dog Park is in progress and scheduled to complete end of T2
<b>Street Infrastructure</b>	328,457	586,165	2,550,000	1,963,835	23%	Majority of projects underway or scheduled to start in T2 and to be complete by end of year
<b>Retaining Walls and Railings</b>	465,969	124,376	4,374,000	4,249,624	3%	Dallas Road Seawall Balustrade is in progress and scheduled to be complete in T3, Ship Point Pier is complete and Clover Point Shoreline Remediation and Dallas Road Bluff Study are on hold pending the outcome of the CRD Wastewater Project
<b>Bridges</b>	716,401	444,381	1,763,000	1,318,619	25%	Point Ellice Bridge Rehabilitation/Painting is scheduled to be complete in T3
<b>Facilities</b>	377,204	434,683	9,329,000	8,894,317	5%	Carryforward projects in progress; planning in progress with projects to start in T2 and T3
<b>Equipment</b>	578,186	1,308,067	12,196,000	10,887,933	11%	Vehicle and Heavy Equipment procurement underway, majority of projects to start throughout the year
<b>Environmental Remediation</b>	35,113	79,804	1,964,000	1,884,196	4%	Laurel Point Park Environmental Remediation monitoring and reporting; budget spent only if needed
<b>Sanitary Sewers</b>	1,610,084	817,641	8,835,000	8,017,359	9%	Mains replacement and inflow and infiltration carry forward projects in progress; design for Disaster Mitigation Adaptation project to begin in T2; lining projects to be awarded in T2 and construction is scheduled to start in T3
<b>Stormwater</b>	1,909,022	745,021	9,469,000	8,723,979	8%	Carry forward mains replacement, lamping and system condition assessment projects are in progress, brick main rehabilitation project designs are complete with construction scheduled to start in T3
<b>Waterworks</b>	1,671,468	1,423,987	8,194,000	6,770,013	17%	Carry forward mains replacement projects are in progress with expected completion in T2; design for 2020 mains replacement projects are underway with construction scheduled to start in T3
<b>Contingency</b>	-	-	350,000	350,000	0%	
<b>Victoria Police</b>	397,026	246,396	1,975,000	1,728,604	12%	Vehicle and furniture replacement, building upgrades and IT projects underway
<b>Total</b>	<b>10,422,105</b>	<b>8,343,549</b>	<b>83,964,000</b>	<b>75,620,451</b>	<b>10%</b>	

**City of Victoria - Budgeted Full-Time Equivalent Employees  
For the Four Months Ending April 30, 2020**

	FTE 2020
<b>City Manager's Office</b>	7.00
<b>Mayor's Office</b>	1.00
<b>Corporate Initiatives</b>	5.00
<b>Business and Community Relations</b>	
Arts, Culture & Events	8.29
Economic Development	2.00
Neighbourhoods	3.00
Victoria Conference Centre	13.62
<b>Legislative Services</b>	10.88
<b>Bylaw Services</b>	12.00
<b>Real Estate</b>	5.00
<b>Engagement</b>	11.00
<b>Engineering &amp; Public Works</b>	309.72
<b>Finance</b>	85.07
<b>Human Resources</b>	14.00
<b>Information Systems</b>	23.00
<b>Legal Services</b>	4.00
<b>Parks, Recreation and Facilities</b>	199.68
<b>Sustainable Planning and Community Development</b>	49.93
<b>Victoria Fire Department</b>	124.09
<b>Total</b>	<b>888.28</b>