

# 2020 Budget Update and Review of Deferred Items



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## Purpose

- To provide update on the 2020 budget to inform Council's review of deferred items
- To seek Council direction on balancing the expected deficit for 2020



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## Council Direction

Due to COVID-19, earlier this year, Council provided direction on the 2020 budget including the following:

1. Defer approximately \$22 million in capital spending to increase cash flow capacity and potentially reallocate \$11.64 million in property tax funding from the capital budget to offset revenue shortfalls in the operating budget
2. Defer approximately \$2.5 million to create a larger operating budget contingency to potentially offset revenue shortfalls in the operating budget
3. Reduce the contribution to capital reserves to achieve a zero percent tax increase for 2020
4. Consider amendments to the 2020 budget in August 2020 with specific attention to the deferred items



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## Property Taxes and Utility Billing

- Collection levels have no impact on budget, but can impact cash flow
- No change in overall collection levels to-date
- No need to borrow short-term; investments are sufficient to cover cash flow needs



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## Estimated Budget Shortfall

	Low Range Estimate	High Range Estimate
<b>Revenue Shortfall</b>		
Parking Revenue	\$8,000,000	\$12,800,000
Victoria Conference Centre Revenues	2,300,000	2,500,000
Lease Revenue	1,100,000	1,100,000
Arena Revenue	250,000	250,000
<b>Additional Costs due to Pandemic</b>		
Public Works	300,000	300,000
Parks, Recreation & Facilities	350,000	350,000
Bylaw Services	200,000	200,000
<b>Range of Total Estimated Shortfall</b>	<b>\$12,500,000</b>	<b>\$17,500,000</b>

By-election  
additional  
funding not  
included



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## Proposed Mitigation Strategies

Mitigation Strategies	Low Range Estimate	High Range Estimate
<b>Reallocation of Unspent Expense Budgets</b>		
Vacancies	-\$1,400,000	-\$1,400,000
Conferences/Travel/Training and Development	-335,000	-335,000
Recruitment	-50,000	-50,000
Parks, Recreation & Facilities	-385,000	-385,000
Other	-1,000,000	-1,000,000
<b>Reallocation of Funding from Deferred Initiatives</b>		
Deferred Initiatives Funded by Surplus	-658,050	-658,050
Deferred Initiatives Funded by New Tax Revenue	-1,233,856	-1,233,856
<b>Reallocation of Property Tax Funding for Capital Budget</b>	-7,438,094	-11,640,000
<b>Financial Stability Reserve</b>		-798,094
<b>Total for Mitigation Strategies</b>	<b>-\$12,500,000</b>	<b>-\$17,500,000</b>

End result = avoids a deficit, but  
no surplus for the year



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## Recommendations

That Council, for 2020, direct staff to:

1. Use any unspent departmental budgets towards the expected operating budget revenue shortfall and additional pandemic related costs
2. Use funding from initiatives in Appendix A funded by 2019 surplus, that are not initiated by Council today, towards the expected operating budget revenue shortfall and additional pandemic related costs
3. Use funding from any initiatives in Appendix A funded by new property tax revenue, less any amounts expended in 2020, towards the expected operating budget revenue shortfall and additional pandemic related costs
4. Use up to \$11.64 million of the budgeted property tax funding for the capital budget to offset the remaining deficit (adjusted down by any unconditional grant amount received from the Province of BC)



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