

Attachment D

Budget Update

This report outlines the actual results compared to the budget for operating and capital budgets and staffing levels for the second triannual period ending August 31, 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 August 31, 2020, the overall operating revenues and expenditures/transfers are 78% and 50% respectively, of the annual budgeted amount. This compares to 85% and 62% 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. Due to the Victoria Conference Centre closure, no events were held in T2 and the majority of bookings for 2020 have been 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. Reduced seasonal programs, summer camps and outdoor recreation programs started in June, though revenues are expected to be lower. Property lease revenue is trending significantly lower. In addition, the City is experiencing a decrease in seasonal revenues from special events and ticket surcharge revenue related to the arena.

To mitigate the uncertainty of revenue shortfalls and additional expenditures due to COVID-19, Council deferred a variety of initiatives. Seasonal variations in municipal operations and accounting processes that occur outside the triannual basis affect the proportion of revenues received or expenditures incurred to August 31, 2020. Seasonal impacts are reflected in Parks and Corporate budgets due to work programs that will commence in T2 and T3, 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 August 31, 2020, the actual capital expenditures are at 25% spent of total budgeted expenditures for the year, compared to 26% in the prior year. In response to the pandemic, several capital projects have been deferred. Over \$80 million in capital projects were approved to be implemented this year. Capital projects have varying schedules and most of the work planned for 2020 is scheduled to start in Q2 and Q3.

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 887.11 as attached.

City of Victoria - Operating Budget Revenues/Funding Sources
For the Eight Months Ending August 31, 2020

	T2 2019 Actual	T2 2020 Actual	2020 Budget	Variance	%	Explanation for Variance
Business and Community Relations						
Arts, Culture and Events	53,781	5,176	518,750	513,574	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	6,199	12,731	-	(12,731)	-	Full cost recovery of related expenses
Economic Development	-	3,000	3,000	-	100%	
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)	2,402,038	863,720	3,748,787	2,885,067	23%	Facility temporarily closed since March due to COVID-19; seasonal revenues are forecasted to decrease
VCC Event Costs Paid by Clients	3,802,099	1,350,569	3,460,000	2,109,431	39%	Facility temporarily closed since March due to COVID-19; full cost recovery of related expenses
Legislative Services	47,400	40,600	35,000	(5,600)	116%	Rezoning Fees
Bylaw Services	776,454	816,784	872,490	55,706	94%	Dog and Short Term Rental licenses
Bylaw Enforcement Third Party Billing	12,214	6,331	-	(6,331)	-	Full cost recovery of related expenses
City Manager's Office	17,475	-	12,830	12,830	0%	UBCM Grant for the Child Care Action Plan and Strategy to be received later in year
Human Resources	-	-	25,000	25,000	0%	Funding for Training for Accessibility Framework implementation carried over from previous year; offsetting expenses
Real Estate	1,307,425	1,123,632	1,944,820	821,188	58%	Future lease revenue is forecasted to decrease due to COVID-19
Engagement	-	-	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
Engineering and Public Works						
Engineering and Public Works	270,314	363,098	2,201,130	1,838,032	16%	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	845,941	755,826	528,400	(227,426)	143%	Full cost recovery of related expenses
Solid Waste and Recycling	2,149,092	1,964,053	3,333,827	1,369,774	59%	Timing of billings
Sewer Utility	5,650,594	4,746,178	8,138,432	3,392,254	58%	Timing of billings
Water Utility	13,773,218	11,590,673	22,197,705	10,607,032	52%	Timing of billings
Storm Drain Utility	1,298,165	-	6,996,856	6,996,856	0%	Billings in the fall
Finance						
Parking Services	12,971,090	8,248,677	20,000,074	11,751,397	41%	Total parkade transactions decreased by 42%, parking on street transactions decreased by 30% and ParkVictoria transactions decreased by 14%; compared to T2 2019. Revenue is forecasted to significantly decrease due to COVID-19
Information Technology	-	-	195,002	195,002	0%	Funding for Records Management carried over from previous year; offsetting expenses
Parks, Recreation and Facilities	2,228,735	1,215,702	3,241,158	2,025,456	38%	Crystal Pool & Fitness Centre temporarily closed since March, Seasonal programs, Summer Camps, Outdoor Recreation and RAP Food and Beverage revenues have decreased due to COVID-19; offsetting costs reduction. Transfer from reserve entries not recorded yet
Sustainable Planning and Community Development	4,196,224	3,814,948	4,688,473	873,525	81%	Building permits and rezoning revenues are trending higher; year end entry to transfer amount to Development Stabilization Reserve account not recorded yet. Funding for Downtown Core Area Plan, Official Community Plan and Victoria Housing Strategy Implementation carried over from previous year; offsetting expenses
Victoria Fire Department	100,988	137,042	266,562	129,520	51%	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
Corporate						
Payment in Lieu of Taxes/Special Assessments	4,625,542	4,302,439	7,639,500	3,337,061	56%	Payments received later in the year
Fees and Interest	4,263,699	3,320,566	3,990,000	669,434	83%	Investment income received throughout the year
Business and Other Licences	1,417,364	1,438,771	1,504,000	65,229	96%	Majority of business licenses revenue recognized in T1
Overhead Recoveries	2,419,793	2,446,540	3,887,876	1,441,336	63%	
Miscellaneous	8,776,690	7,913,763	8,545,720	631,957	93%	Traffic Fine Revenue and Fortis revenue trending higher by \$340,000 and \$50,000 respectively. Higher revenues received from Bonus Density and Parkland Provision; offset by transfer to reserves at year end and ticket surcharge revenue related to the arena is forecasted to decrease due to COVID-19
Prior Year's Surplus	4,544,049	-	3,329,825	3,329,825	0%	
Victoria Police Department	6,292,366	6,034,269	10,116,159	4,081,890	60%	
Property Taxes	139,700,938	143,327,322	143,327,240	(82)	100%	
Total	\$ 223,955,487	\$ 205,842,410	\$ 264,878,483	\$ 59,036,073	78%	

**City of Victoria - Operating Budget Expenditures/Transfers to Reserve
For the Eight Months Ending August 31, 2020**

	T2 2019 Actual	T2 2020 Actual	2020 Budget	Variance	%	Explanation for Variance
City Manager's Office	603,962	631,015	984,243	353,228	64%	
Council	512,541	497,653	863,732	366,079	58%	Salaries and Conferences/Travel trending lower
Corporate Initiatives	194,392	196,036	547,930	351,894	36%	Vacancies; Office of Equity, Diversity and Inclusion budget approved in T2
Business and Community Relations						
Arts, Culture and Events	987,000	664,755	1,954,272	1,289,517	34%	Events are seasonal; costs related to events are forecasted to decrease due to COVID-19; offsetting decrease in revenues
Third Party Billing - Special Events	5,287	4,583	-	(4,583)	-	Full cost recovery; offsetting revenues
Economic Development	475,953	516,256	644,290	128,034	80%	Grant to SIPP paid in T2
Neighbourhoods	370,122	290,909	467,990	177,081	62%	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)	2,050,478	1,626,959	3,120,016	1,493,057	52%	Facility temporarily closed since March due to COVID-19, costs are forecasted to decrease; offsetting decrease in revenues
VCC Event Costs Paid by Clients	3,471,862	1,349,655	3,460,000	2,110,345	39%	Facility temporarily closed since March due to COVID-19. Full cost recovery; offsetting revenues
Legislative Services	918,144	986,875	1,710,908	724,033	58%	By-election has been deferred due to COVID-19
Bylaw Services	1,188,438	1,463,515	2,367,336	903,821	62%	
Third Party Billing - Bylaw Enforcement	12,126	6,717	-	(6,717)	-	Full cost recovery; offsetting revenues
Real Estate	722,034	725,027	1,913,613	1,188,586	38%	Transfer to reserve for 812 Wharf Street done at year end
Engagement	765,003	869,105	1,556,424	687,319	56%	Participatory budgeting project scheduled for later in year
Engineering and Public Works						
Engineering and Public Works	10,914,275	10,497,594	19,338,244	8,840,650	54%	Climate Action, NTMP initiatives, Accessibility Framework, Zero Waste Strategy in progress
Third Party Billings	672,911	619,294	428,400	(190,894)	145%	Full cost recovery; offsetting revenues
Solid Waste & Recycling	2,014,242	1,997,014	3,333,827	1,336,813	60%	Transfer to capital and reserves not done yet
Water Utility	10,443,206	10,470,181	22,197,705	11,727,524	47%	Transfer to capital and reserves not done yet
Sewer Utility	2,509,927	2,571,222	8,138,432	5,567,210	32%	Transfer to capital and reserves not done yet
Stormwater Utility	2,343,834	2,387,324	6,996,856	4,609,532	34%	Transfer to capital and reserves not done yet
Finance						
Finance	2,691,724	2,702,136	4,471,074	1,768,938	60%	
Parking Services	6,189,873	7,269,062	11,419,562	4,150,500	64%	Portion of Broughton parkade revenue share with Province not done yet and this cost is forecasted to decrease due to COVID-19
Human Resources	1,150,721	1,293,386	2,443,165	1,149,779	53%	Vacancies
Information Technology	2,868,900	3,173,690	4,662,260	1,488,570	68%	Timing of software licensing payments
Legal Services	510,348	560,288	878,921	318,633	64%	
Parks, Recreation and Facilities						
Parks	7,035,983	7,645,494	12,897,478	5,251,984	59%	Vacancies, seasonal work programs that are continuing on in T3 include the Parks Boulevard Program, Turf and Field Management and Natural Resources
Recreation	3,397,224	2,275,245	5,171,855	2,896,610	44%	Crystal Pool & Fitness Centre and RAP food and beverage services temporarily closed since March due to COVID-19; phased return to seasonal programs started mid June that include summer camps, outdoor recreation; offsetting revenues
Facilities	3,647,249	3,978,513	6,305,808	2,327,295	63%	
Sustainable Planning and Community Development	3,336,118	3,574,100	6,916,812	3,342,712	52%	The Downtown Core Area Plan, Official Community Plan and Victoria Housing Strategy work is scheduled for later in the year
Victoria Fire Department	11,906,163	11,825,080	17,816,836	5,991,756	66%	
Corporate						
Contingencies	-	-	2,509,033	2,509,033	0%	Includes delayed one-time and ongoing initiatives
Debt Principal, Interest and Reserve Transfer	2,283,025	2,259,945	8,167,942	5,907,997	28%	Timing of debt payments; transfer to reserve not done yet
Grants	3,131,883	3,873,164	4,848,719	975,555	80%	Timing of grant payments
Miscellaneous	1,179,312	1,995,187	4,096,229	2,101,042	49%	Crest Levy expenses not recorded yet and Canada Day expenses not recorded yet; offsetting revenue, timing of initiatives including Citizen Assembly and Community Wellness
Transfers to Reserve	19,787,415	-	15,270,404	15,270,404	0%	Transfers to reserves not recorded yet
Transfer to Capital Budget	11,140,000	-	11,640,000	11,640,000	0%	Transfer to reserve not recorded yet
Greater Victoria Public Library	3,837,408	3,654,807	5,542,404	1,887,597	66%	
Victoria Police Department	36,690,769	37,275,607	59,795,810	22,520,203	62%	
Total	\$ 161,959,852	\$ 131,727,393	\$ 264,878,531	\$ 133,151,138	50%	

**City of Victoria - Capital Budget Expenditures
For the Eight Months Ending August 31, 2020**

	T2 2019 Actual	T2 2020 Actual	2020 Budget	Variance	%	Explanation for Variance
Active Transportation	5,516,894	2,193,796	12,224,000	10,030,204	18%	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 substantially complete with a scheduled completion date in T3, pathway, majority of sidewalk projects complete and crosswalk and traffic calming projects are underway
Complete Streets	2,062,850	2,868,897	6,693,000	3,824,103	43%	In progress with a majority of projects scheduled to be complete in T3; several projects are coordinated with underground utilities, BMP and CRD projects
Parks	1,282,385	391,771	7,848,000	7,456,229	5%	Songhees Park Expansion design phase in progress; tender and construction scheduled to start in T3, Laurel Point Park concept design complete in T2, Parks infrastructure projects are scheduled to start in T3, design for the Artificial Turf Field Design awarded in July and scheduled to start in T3 and complete in early 2021 and the Dallas Road Dog Park is in progress and scheduled to complete end of T3
Street Infrastructure	604,748	1,003,506	2,550,000	1,546,494	39%	Majority of projects underway and to be complete by end of year
Retaining Walls and Railings	713,022	2,088,607	4,374,000	2,285,393	48%	Dallas Road Seawall Balustrade and Clover Point Shoreline Remediation is in progress and scheduled to be complete in T3, Ship Point Pier is complete and Dallas Road Bluff Study is on hold pending the outcome of the CRD Wastewater Project.
Bridges	2,166,662	584,021	1,763,000	1,178,979	33%	Point Ellice Bridge Rehabilitation/Painting is in progress
Facilities	1,590,239	891,651	10,009,000	9,117,349	9%	Carry forward projects in progress; planning in progress with projects to start in T2 and T3
Equipment	1,319,155	2,782,877	12,196,000	9,413,123	23%	Vehicle and Heavy Equipment procurement underway, majority of projects to start throughout the year
Environmental Remediation	105,429	54,059	1,964,000	1,909,941	3%	Laurel Point Park Environmental Remediation monitoring and reporting; budget spent only if needed
Sanitary Sewers	3,336,161	2,670,548	8,835,000	6,164,452	30%	Mains replacement and inflow and infiltration carry forward projects in progress; design for Disaster Mitigation Adaptation project to be tendered in T3; lining projects awarded in T2 and construction is scheduled to start in T3
Stormwater	2,658,357	2,439,859	9,469,000	7,029,141	26%	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
Waterworks	3,479,204	3,361,482	8,194,000	4,832,518	41%	Carry forward mains replacement projects are complete; design for 2020 mains replacement projects are underway with construction scheduled to start in T3
Contingency	-	-	350,000	350,000	0%	
Victoria Police	530,059	717,120	1,975,000	1,257,880	36%	Vehicle and furniture replacement, building upgrades and IT projects underway
Total	25,390,637	22,048,194	88,444,000	66,395,806	25%	

**City of Victoria - Budgeted Full-Time Equivalent Employees
For the Eight Months Ending August 31, 2020**

	FTE 2020
City Manager's Office	7.00
Mayor's Office	1.00
Corporate Initiatives	5.00
Business and Community Relations	
Arts, Culture & Events	8.29
Economic Development	2.00
Neighbourhoods	3.00
Victoria Conference Centre	11.62
Legislative Services	10.88
Bylaw Services	12.00
Real Estate	5.00
Engagement	11.00
Engineering & Public Works	309.72
Finance	85.07
Human Resources	15.00
Information Systems	24.00
Legal Services	4.00
Parks, Recreation and Facilities	198.51
Sustainable Planning and Community Development	49.93
Victoria Fire Department	124.09
Total	887.11