

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, 2022.

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 2022 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, 2022, the overall operating revenues and expenditures/transfers are 10% and 25% respectively, of the annual budgeted amount. This compares to 10% and 24% to the prior fiscal period. A summary of the actual operating revenues and expenditures/transfers compared to the budget is attached.

With the lifting of the COVID 19 restrictions, revenues are expected to meet budget this year. Revenues from short term rental licenses and building, electrical and plumbing permits are trending higher than expected for the first triannual period. The overall low percentage of actual to budgeted revenue is also directly related to property taxes and payment in lieu of taxes 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.

Seasonal variations in municipal operations and accounting processes that occur outside the triannual period affects the proportion of revenues received or expenditures incurred to April 30, 2021. 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, Downtown Area Core Plan and Victoria Housing Strategy have varying timelines.

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

Capital Budget

As of April 30, 2022, the actual capital expenditures are at 8% spent of total budgeted expenditures for the year, compared to 10% in the prior year. Capital projects have varying schedules and the majority of the work planned for 2022 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.

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Staff are working diligently to complete the capital work plan according to schedule, though project delivery times are highly dependent on a variety of factors such as unplanned or unforeseen events and current market conditions. Currently, like many organizations, the City is facing a variety of challenges such as supply chain disruptions, product availability, shortage of labour and cost escalation which can delay completion dates. Requests to move the budget forward into next year can be made as part of the regular year-end budget process.

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.

**City of Victoria - Operating Budget Revenues/Funding Sources
For the Four Months Ending April 30, 2022**

	T1 2021 Actual	T1 2022 Actual	2022 Budget	Budget Remaining \$ Variance	% Collected to Date	Explanation for Variance
City Manager's Office	30,322	-	-	-	-	
Business and Community Relations						
Arts, Culture and Events	9,326	9,172	293,250	284,078	3%	Transfers from reserve entries not recorded yet for Public Art Creation and Maintenance
Third Party Billing - Special Events	23,072	20,955	-	(20,955)	-	Full cost recovery of related expenses
Neighbourhoods	-	-	15,600	15,600	0%	Downtown urinals paid for by late night businesses
Victoria Conference Centre (VCC)	189,896	521,072	2,664,350	2,143,278	20%	Seasonal revenues are forecasted to meet budget as most events have been re-booked within the year
VCC Event Costs Paid by Clients	10,908	521,277	1,557,000	1,035,723	33%	Full cost recovery of related expenses
Legislative Services	27,400	15,200	375,000	359,800	4%	Transfer from reserve entries not recorded yet for the municipal election
Bylaw Services	660,149	906,727	779,350	(127,377)	116%	Dog and Short Term Rental licenses
Bylaw Enforcement Third Party Billing	1,141	62,240	-	(62,240)	-	Full cost recovery of related expenses
People and Culture	-	-	25,000	25,000	0%	Funding for Training for Indigenous Cultural Safety carried over from previous year; offsetting expenses
Real Estate	652,362	555,351	1,601,720	1,046,369	35%	
Engineering and Public Works						
Engineering and Public Works	243,821	222,250	1,451,430	1,229,180	15%	Funding for projects carried over from previous years include Climate Action Initiatives, Traffic Calming initiatives, MVA Pilot and Asset Management; offsetting expenses. Transfer from reserve entries not recorded yet, grant payments not yet received.
Third Party Billings	310,013	137,037	528,400	391,363	26%	Full cost recovery of related expenses
Solid Waste and Recycling	884,391	893,179	3,412,470	2,519,291	26%	Timing of billings
Sewer Utility	1,513,301	1,631,801	8,420,510	6,788,709	19%	Timing of billings
Water Utility	4,829,458	5,335,926	22,850,950	17,515,024	23%	Timing of billings
Storm Drain Utility	35,105	-	7,348,330	7,348,330	0%	Billings in the fall
Finance						
Parking Services	5,109,967	5,973,994	16,990,000	11,016,006	35%	
Parks, Recreation and Facilities	298,240	536,814	3,143,280	2,606,466	17%	Boulevard Tax due in July and transfer from reserve entries not yet done, seasonal programs
Sustainable Planning and Community Development	1,992,733	2,587,961	4,729,600	2,141,639	55%	Building permits and plumbing and electrical permits trending higher but offset by year end entry to transfer amount to Development Stabilization Reserve account. Funding for Downtown Core Area Plan, Official Community Plan and Victoria Housing Strategy Implementation carried over from previous year; offsetting expenses
Victoria Fire Department	54,607	41,085	46,500	5,415	88%	Training grants received in T1; offsetting expenses. Fire Safety Plans, Inspection Fees and Record Fees trending higher and Mechanic program revenue, confined space and fire technical high angle rope rescue cost sharing are received later in year
Grants	20,786	995,000	-	(995,000)	-	Victoria Housing Reserve Grants flow through from reserves to pay grants; offsetting expense
Corporate						
Payment in Lieu of Taxes/Special Assessments	31,600	34,690	8,496,800	8,462,110	0%	Payments received later in the year
Fees and Interest	275,018	901,916	3,490,000	2,588,084	26%	Investment income received throughout the year
Business and Other Licences	1,427,922	1,331,853	1,467,000	135,148	91%	Majority of business licenses revenue recognized in T1
Overhead Recoveries	1,227,958	1,252,517	3,984,750	2,732,233	31%	
Miscellaneous	1,278,888	903,106	10,173,720	9,270,614	9%	Revenues received later in year include Canada Community-Building Fund grant, Traffic Fine Revenue and lease revenue under operating agreement with RG Properties.
Prior Year's Surplus	-	-	4,838,270	4,838,270	-	
Victoria Police Department	2,953,548	2,964,730	10,371,550	7,406,820	29%	
Property Taxes	-	-	155,147,070	155,147,070	0%	
Total	\$ 24,093,932	\$ 28,355,851	\$ 274,201,900	\$ 245,846,049	10%	

City of Victoria - Operating Budget Expenditures/Transfers to Reserve
For the Four Months Ending April 30, 2022

	T1 2021 Actual	T1 2022 Actual	2022 Budget	Budget Remaining \$ Variance	Actual Spent to Budget %	Explanation for Variance
City Manager's Office	327,505	301,970	983,300	681,330	31%	
Council	198,128	243,572	866,950	623,378	28%	
Corporate Initiatives	117,542	105,322	554,090	570,778	19%	Vacancies
Business and Community Relations						
Arts, Culture and Events	337,900	315,322	1,929,520	1,614,198	16%	Events are seasonal
Third Party Billing - Special Events	12,452	16,496	-	(16,496)	-	Full cost recovery; offsetting revenues
Economic Development	327,608	336,119	851,950	515,831	39%	Grant to SIPP paid in T1
Neighbourhoods	97,612	128,579	657,820	529,241	20%	Late Night Great Night Program and the Neighbourhood Hub program costs forecasted to increase later in the year
Victoria Conference Centre (VCC)	547,671	661,063	3,068,700	2,407,637	22%	Vacancies, though costs are forecasted to increase as most events have been re-booked within the year
VCC Event Costs Paid by Clients	-	262,029	1,557,000	1,294,971	17%	Full cost recovery of related expenses
Legislative Services	451,141	542,386	1,978,740	1,436,354	27%	Majority of elections expenses to occur later in the year
Bylaw Services	808,414	924,146	3,811,730	2,887,584	24%	
Third Party Billing - Bylaw Enforcement	1,141	62,240	-	(62,240)	-	Full cost recovery; offsetting revenues
Real Estate	334,458	384,410	1,747,030	1,362,620	22%	Transfer to reserve for 812 Wharf Street done at year end
Engagement	414,650	404,436	1,452,550	1,048,114	28%	
Engineering and Public Works						
Engineering and Public Works	4,634,152	5,295,415	20,069,060	14,773,645	26%	Climate Action, MVA Pilot, Vision Zero, Patio Bylaw development and Asset Management initiatives in progress
Third Party Billings	258,552	204,006	428,400	224,394	48%	Full cost recovery; offsetting revenues
Solid Waste & Recycling	836,780	924,698	3,412,470	2,487,772	27%	Transfer to capital and reserves not done yet
Water Utility	5,136,863	4,182,252	22,850,950	18,668,698	18%	Transfer to capital and reserves not done yet
Sewer Utility	1,250,339	1,386,146	8,420,510	7,034,364	16%	Transfer to capital and reserves not done yet
Stormwater Utility	935,355	1,201,650	7,348,330	6,146,680	16%	Transfer to capital and reserves not done yet
Finance						
Finance	1,235,858	1,222,478	4,608,410	3,385,932	27%	Vacancies
Parking Services	3,206,949	3,172,815	9,989,970	6,817,155	32%	Timing of debt payments to MFA
People and Culture	711,468	900,038	2,966,490	2,066,452	30%	
Information Technology	1,788,103	1,690,774	4,861,560	3,048,776	35%	Timing of software licensing payments
Legal Services	267,924	322,236	998,120	675,884	32%	
Parks, Recreation and Facilities						
Parks	3,573,790	3,778,927	13,321,100	9,542,173	28%	Seasonal work programs include Parks Tax Boulevard and Get Growing Victoria!
Recreation	1,263,853	1,487,701	5,788,280	4,300,579	26%	Seasonal programs will start in Q2 & Q3 including Summer Camps, Outdoor Recreation and RAP
Facilities	2,047,879	1,997,610	6,721,680	4,724,070	30%	
Sustainable Planning and Community Development	1,686,030	1,905,610	7,626,520	5,720,910	25%	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	5,735,094	5,497,453	18,636,980	13,139,527	29%	Vacancies
Corporate						
Contingencies	-	-	2,955,720	2,955,720	0%	
Debt Principal, Interest and Reserve Transfer	1,735,706	1,735,706	8,167,950	6,432,244	21%	Timing of debt payments; transfer to reserve not done yet
Grants	651,028	2,243,402	5,497,420	3,254,018	41%	Timing of grant payments
Miscellaneous	2,219,687	1,313,209	2,202,270	889,061	60%	Crest Levy and Canada Day expenses not recorded yet; Citizen Assembly initiatives not started; offset by Mitigation Strategies
Transfers to Reserve	(450,230)	(396,746)	16,603,930	17,000,676	-2%	Transfers to reserves not recorded yet
Transfer to Capital Budget	-	-	11,640,000	11,640,000	0%	Transfer not recorded yet
Greater Victoria Public Library	1,822,517	1,890,823	5,680,000	3,789,177	33%	
Victoria Police Department	18,574,396	20,938,739	63,946,400	43,007,661	33%	
Total	\$ 63,098,313	\$ 67,583,031	\$ 274,201,900	\$ 206,618,869	25%	