Attachment E: Q1 Budget Update

Budget Update

This report outlines the actual results compared to the budget for operating and capital budgets and staffing levels for the first quarter ending March 31, 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 March 31, 2019, the overall operating revenues and expenditures/transfers are 8% and 17% respectively, of the annual budgeted amount. This compares to 8% and 18% 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 short-term rentals, permits and inspections and rezoning are trending higher than expected for the first quarter. The overall low percentage of actual to budgeted revenue is 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.

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 March 31, 2019. Seasonal impacts are reflected in Parks, Recreation, Sustainable Planning and Community Development and Corporate budgets due to work programs that will commence in the second and third quarter such as the Parks Boulevard program, summer recreation programs, Official Community Plan, Downtown Area Core Plan Canada Day celebrations.

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

Capital Budget

As of March 31, 2019, the actual capital expenditures are at 8% spent of total budgeted expenditures for the year, compared to 6% in the prior year. Capital projects have varying schedules and the majority of the work planned for 2019 is scheduled to start in Q2 and Q3. A summary of capital programs and projects are attached.

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

City of Victoria - Operating Budget Revenues/Funding Sources
For the Three Months Ending March 31, 2019

	Q1 2018 Actual	Q1 2019 Actual	2019 Budget	Variance	%	Explanation
Business and Community Relations						
Arts, Culture and Events	15,553	5,409	321,250	315,841	2%	Seasonal revenues
Special Events Third Party Billings	417	6,920	-	(6,920)	-	Full cost recovery of related expenses
Downtown Late Night Strategy	-	5,600	-	(5,600)	-	BC Healthy Communities Grant received for the Municipal Alcohol Policy
Victoria Conference Centre (VCC)	660,394	617,109	4,274,529	3,657,419	14%	Seasonal revenues, majority of fees recognized between May - September
VCC Event Costs Paid by Clients	1,092,486	820,926	3,460,000	2,639,074	24%	Full recovery of related expenses
Legislative and Regulatory Services	11,400	17,000	35,000	18,000	49%	Rezoning Fees
Bylaw Services	222,244	609,127	687,937	78,810	89%	Dog and Short Term Rental licenses
Bylaw Enforcement Third Party Billing	5,418	7,146	-	(7,146)	-	Full cost recovery of related expenses
Council	-	-	17,475	17,475	0%	UBCM Grant for the Child Care Action Plan to be received later in year
Human Resources	-	-	59,167	59,167	0%	Funding for Inclusionary Policy and Program carried over from previous year; offsetting expenses
Real Estate	452,207	484,810	1,899,692	1,414,882	26%	
Engineering and Public Works						
Engineering and Public Works	151,136	143,762	1,871,070	1,727,308	8%	Transfer from reserve entries not recorded yet, grant payments not yet received
Third Party Billings	178,836	454,848	528,400	73,552	86%	Full cost recovery of related expenses
Solid Waste and Recycling	544,299	570,364	3,224,380	2,654,016	18%	Timing of billings
Sewer Utility	1,233,738	1,317,076	7,911,553	6,594,477	17%	Timing of billings
Water Utility	3,298,317	3,561,631	20,270,291	16,708,660	18%	Timing of billings
Storm Drain Utility	(4,040)	(1,532)	6,880,740	6,882,272	0%	Billing is in September
Finance	-	-	195,002	195,002	0%	Funding for Records Management carried over from previous year; offsetting expenses
Parking Services	4,586,026	4,706,715	19,107,800	14,401,085	25%	Total parkade transactions decreased by 3.8%; ParkVictoria transactions increased by 20%; compared to Q1 2018
Parks, Recreation and Facilities	521,228	518,276	3,234,910	2,716,634	16%	Boulevard Tax due in July and transfer from reserve entries not yet done, seasonal programs
Sustainable Planning and Community Development	1,902,073	1,817,479	4,325,564	2,508,085	42%	Building permits, electrical and plumbing permits and rezoning revenues are trending higher; year end entry to transfer amount to Development Stabilization Reserve account
Victoria Fire Department	13,705	19,026	226,750	207,724	8%	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	28,031	25,285	7,625,149	7,599,864	0%	Payments received later in the year
Fees and Interest	494,337	894,284	3,490,000	2,595,716	26%	
Business and Other Licences	1,477,780	1,357,358	1,504,378	147,020	90%	Majority of business licenses revenue recognized in Q1
Overhead Recoveries	610,152	636,317	3,381,666	2,745,350	19%	
Miscellaneous	861,358	958,586	11,932,621	10,974,035	8%	Revenues received later in year; includes Traffic Fine Sharing, Gas Tax, lease revenue under operating agreement with RG Properties event and ticket surcharge revenue and Fortis
Prior Year's Surplus	-	-	4,544,000	4,544,000	0%	
Victoria Police Department	2,074,854	2,277,559	9,864,490	7,586,931	23%	

City of Victoria - Operating Budget Revenues/Funding Sources

For the Three Months Ending March 31, 2019

	Q1 2018 Actual	Q1 2019 Actual	2019 Budget	Variance	%	Explanation
Property Taxes	-	-	139,700,261	139,700,261	0%	
Total	$ 20,431,947	$ 21,831,080	$ 260,574,075	$ 238,742,995	8%	

City of Victoria - Operating Budget Expenditures/Transfers to Reserve
For the Three Months Ending March 31, 2019

	Q1 2018 Actual	Q1 2019 Actual	2019 Budget	Variance	%	Explanation
City Manager's Office	221,448	211,561	934,055	722,494	23%	
Council	166,720	174,007	846,609	672,603	21%	
Business and Community Relations						
Arts, Culture and Events	230,197	220,791	1,626,385	1,405,594	14%	Events are seasonal
Third Party Billing - Special Events	354	2,019	-	(2,019)		Full cost recovery; offsetting revenues
Economic Development	341,910	99,777	635,658	535,882	16%	Grant to SIPP paid in April
Neighbourhoods	134,506	148,982	600,286	451,304	25%	
Victoria Conference Centre (VCC)	647,351	699,839	3,625,513	2,925,674	19%	Timing of debt payments for Crystal Garden
VCC Event Costs Paid by Clients	510,828	810,858	3,460,000	2,649,142	23%	Full cost recovery; offsetting revenues
Legislative and Regulatory Services	318,857	230,643	1,674,790	1,444,147	14%	Timing of recovery from Greater Victoria School Board
Bylaw Services	329,877	428,948	1,967,832	1,538,884	22%	
Third Party Billing - Bylaw Enforcement	4,213	7,071	-	(7,071)		Full cost recovery; offsetting revenues
Real Estate	212,784	201,734	1,923,204	1,721,470	10%	Transfer to reserve for 812 Wharf Street not done; vacancies
Engagement	312,690	254,521	1,482,007	1,227,486	17%	Participatory budgeting projects scheduled for later in year; vacancies
Engineering and Public Works						
Engineering and Public Works	3,333,822	3,858,282	17,574,335	13,716,053	22%	
Third Party Billings	258,963	299,300	428,400	129,100	70%	Full cost recovery; offsetting revenues
Solid Waste & Recycling	624,225	679,436	3,224,380	2,544,943	21%	Transfer to capital & reserves not done yet
Water Utility	2,327,970	3,289,724	20,270,291	16,980,567	16%	Transfer to capital & reserves not done yet
Sewer Utility	855,638	920,523	7,911,553	6,991,030	12%	Transfer to capital & reserves not done yet
Stormwater Utility	730,813	738,222	6,880,740	6,142,518	11%	Transfer to capital & reserves not done yet
Finance				-		
Finance	2,069,329	2,307,355	8,976,264	6,668,909	26%	
Parking Services	2,265,420	1,864,885	10,611,712	8,746,827	18%	Timing of Debt payment to MFA paid in April
Human Resources	441,017	351,437	2,237,860	1,886,423	16%	Vacancies
Legal Services	154,376	157,993	831,444	673,451	19%	
Parks, Recreation and Facilities						
Parks	2,357,076	2,382,950	12,765,098	10,382,148	19%	Seasonal work programs that start in Q2 & Q3 include the Parks Boulevard Program, Natural Resources, Turf and Field Management, High Risk Tree Removal and Soft Landscape
Recreation	913,117	976,302	4,744,687	3,768,385	21%	Seasonal programs will start in Q2 & Q3 include Summer Camps ,Outdoor Recreation and RAP
Facilities	1,203,650	1,321,397	6,149,091	4,827,695	21%	
Sustainable Planning and Community Development	1,328,471	1,241,561	7,084,464	5,842,902	18%	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	4,136,823	4,269,687	17,659,937	13,390,250	24%	
Corporate						
Contingencies	-	-	2,171,506	2,171,506	0%	
Debt Principal, Interest and Reserve Transfer	1,690,706	1,094,692	7,827,583	6,732,891	14%	Timing of debt payments; and transfer to reserve not done yet
Grants	353,642	322,669	3,502,530	3,179,861	9%	Majority of grants are paid in July
Miscellaneous	476,871	297,696	3,749,042	3,451,346	8%	Canada Day and Crest Levy expenses not recorded yet, and timing of projects including Citizen Assembly and the Witness Reconciliation program
Transfer to VCC	-	-	300,000	300,000	0%	Transfer not recorded yet
Transfers to Reserve	-	-	22,867,459	22,867,459	0%	Transfers to reserve not recorded yet
Transfer to Capital Budget	-	-	11,140,000	11,140,000	0%	Year end transfer not recorded yet
Greater Victoria Public Library	1,287,466	1,207,284	5,451,900	4,244,616	22%	

City of Victoria - Capital Budget Expenditures
City of Victoria - Capital Budget Expenditures
For the Three Months Ending March 31, 2019

	Q1 2019 Actual	2019 Budget	Variance	%	Explanation
Active Transportation	600,934	19,045,000	18,444,066	3%	Humboldt and Wharf Street bike lanes in progress and scheduled to be complete in Q3; JSB underpass is in progress and scheduled to be complete in Q2; majority of other projects are scheduled for Q2 and Q3
Complete Streets	221,346	4,363,000	4,141,654	5%	In progress with a majority of projects scheduled throughout the year; Belleville Street to be complete in Q4
Neighbourhoods	880	70,000	69,120	1%	Wayfinding projects scheduled throughout the year
Parks	534,683	6,202,000	5,667,317	9%	Cecelia Ravine New Park in progress and scheduled to be complete in Q2; Songhees Park Expansion design development in progress and majority other projects are scheduled throughout the year
Street Infrastructure	297,090	1,913,000	1,615,910	16%	In progress with majority of the projects to start throughout the year
Retaining Walls and Railings	274,673	1,557,000	1,282,327	18%	Ship Point Pier is scheduled to be complete in Q2, Dallas Road Bluff Study and Clover Point Shoreline Remediation is on hold pending outcome of the CRD Waste Water project; majority of other projects scheduled throughout the year
Bridges	660,732	8,283,000	7,622,268	8%	Point Ellice Bridge Rehabilitation/Painting scheduled to start in Q2 and to be complete in Q4
Facilities	233,466	18,661,000	18,427,534	1%	Carryforward projects in progress; planning in progress with projects to start in Q2 and Q3
Equipment	521,003	9,959,000	9,437,997	5%	Vehicle and Heavy Equipment procurement underway, majority of projects to start in Q2 and Q3
Environmental Remediation	32,243	2,151,000	2,118,757	2%	Laurel Point Park environmental remediation in progress; portion of budget only spent if needed
Sanitary Sewers	1,084,352	9,079,000	7,994,648	12%	Majority of mains replacement and inflow and infiltration carryforward projects are complete; design underway for 2019 projects and construction to start in Q2 and Q3; lining projects are scheduled to start in Q2 and be complete in Q3
Stormwater	1,530,970	6,746,000	5,215,030	23%	Carryforward mains replacement and brick main rehabilitation projects are complete; design underway for 2019 projects and construction to start in Q2 and Q3
Waterworks	1,121,897	6,691,000	5,569,103	17%	Majority of main replacement carryforward projects are complete; design underway for 2019 projects and construction to start in Q2 and Q3. Water replacement work on Dallas Road underway in conjunction with CRD Forcemain
Contingency	-	350,000	350,000	0%	
Victoria Police	239,395	2,107,000	1,867,605	11%	Vehicle replacement underway and projects scheduled throughout the year
Total	7,353,663	97,177,000	89,823,337	8%	

City of Victoria - Budgeted Full-Time Equivalent Employees
For the Three Months Ending March 31, 2019

	FTE 2019
Business and Community Relations	
Arts, Culture & Events	7.29
Economic Development	2.00
Neighbourhoods	3.00
Victoria Conference Centre	13.62
Bylaw Services	10.00
City Manager's Office	7.00
Council	1.00
Deputy City Manager	2.00
Engagement	11.00
Engineering & Public Works	296.72
Finance	106.34
Human Resources	13.00
Legal Services	4.00
Legislative Services	10.88
Parks, Recreation and Facilities	187.74
Real Estate	5.00
Sustainable Planning and Community Development	44.43
Victoria Fire Department	124.09
Total	**849.11**