

## **Attachment B: Q3 Budget Update**

### **Q3 BUDGET STATUS REPORT**

This report outlines the actual results compared to the budget for operating and capital budgets and staffing levels for the third quarter ending September 30, 2017.

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 September 30, 2017, the overall operating revenues and expenditures are 87% and 69% respectively, of the annual budgeted amount. This compares to 84% and 66% to the prior fiscal period. A summary of the actual operating revenues and expenditures compared to the budget is attached.

Revenues are expected to meet or exceed budget apart from traffic fine revenue received from the Provincial Government that is \$217,000 less than what was estimated in the financial plan. Revenues from parking, permits and inspections, rezoning and fire safety plan reviews are trending higher than expected for the third quarter. Food and beverage sales from the Royal Athletic Park, summer camps and outdoor recreation are trending higher though are offset against higher expenditures. 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 are expected to be within budget. Seasonal variations in municipal operations and accounting processes that occur throughout the year and not necessarily in alignment with the quarterly reporting affect the proportion of revenues received or expenditures incurred to September 30, 2017. Seasonal impacts are reflected in Parks, Recreation, Sustainable Planning and Community Development and Corporate budgets due to work programs that have commenced in late quarter three or are commencing in quarter four, including natural areas, boulevard improvements and maintenance at Beacon Hill Park, the Official Community Plan implementation, Downtown Core Area Plan implementation, Victoria Housing Strategy implementation and year end transfers.

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

#### **Capital Budget**

As of September 30, 2017, the actual capital expenditures are at 24% spent of total budgeted expenditures for the year, compared to 39% in the prior year. In 2017, the percentage spent is lower as the overall capital budget is substantially greater than the 2016 budget, mainly due to the Crystal Pool Replacement Project, otherwise the total spend would be similar. Capital projects have varying

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schedules and at present many have started in Q3 and will continue into Q4. A summary of capital programs and projects are attached.

Completed projects include:

- Vic West Park Improvements
- Beacon Hill Park Street Light Poles
- Pandora Bike Lanes
- Storm Main Upgrade Cook Street, Pandora to North Park/Caledonia
- Storm Main Upgrade Menzies, Superior to Michigan
- Water Main Upgrade Belleville, Menzies to Oswego
- Sanitary Sewer Main Upgrade Fifth Street
- LED replacement Phase 1
- Centennial Square Temporary Moveable Play Feature
- Sidewalks on Niagara, Pembroke and Brighton
- Malls and Squares Rehabilitation
- Centennial Square Washrooms
- Complete Streets – Alpha, Somenos and Brighton, Cook from Pandora to Caledonia and Southgate Street

At present, the majority of projects are expected to be completed according to schedule; though Finance and the responsible Departments continue to monitor projects for potential variances in scope, budget, timeline or deliverables. 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.

Projects that have been initiated but will carry forward to 2018 include:

- Fort Street Bike Lanes
- Belleville Street Upgrade
- Douglas Street Bus Lanes
- Burnside Gorge New Park
- Topaz Park Improvement Plan
- Point Ellice Bridge Rehabilitation/Painting

Should adjustments to the Financial Plan be required, reports providing details and options will be brought to Council for consideration.

### Staff Levels

The City's full-time equivalent employees for 2017 is 803.10 as attached.



**City of Victoria - Operating Budget Expenditures/Transfers to Reserves  
For the Nine Months Ending September 30, 2017**

	Q3 2016 Actual	Q3 2017 Actual	2017 Budget	Variance	%	Explanation
<b>City Manager's Office</b>	523,225	609,096	836,980	227,884	73%	
<b>Council</b>	431,471	470,991	589,875	118,884	80%	
<b>Deputy City Manager</b>	290,055	327,733	421,470	93,737	78%	
Arts, Culture and Events	946,003	1,525,024	1,726,757	201,732	88%	Canada 150; offsetting revenues
Third Party Billing - Special Events	22,019	56,155	-	(56,155)		Full cost recovery; offsetting revenues
Economic Development	227,296	362,494	495,000	132,506	73%	
Engagement	1,389,827	1,468,462	1,880,718	412,257	78%	
Legislative and Regulatory Services	2,050,598	2,056,421	3,075,936	1,019,515	67%	Trending lower due to vacancies
Third Party Billing - Bylaw Enforcement	21,239	17,160	-	(17,160)		Full cost recovery; offsetting revenues
Real Estate	598,235	625,613	1,614,503	988,889	39%	Transfer to reserve for 812 Wharf Street repayment not done yet
Victoria Conference Centre (VCC)	2,650,132	2,480,877	3,503,818	1,022,942	71%	
VCC Event Costs Paid by Clients	1,933,806	2,291,803	3,460,000	1,168,197	66%	Full cost recovery; offsetting revenues
<b>Engineering and Public Works</b>						
Engineering and Public Works	9,102,398	10,515,107	14,363,121	3,848,013	73%	
Third Party Billings	682,073	769,832	428,400	(341,432)	180%	Full cost recovery; offsetting revenues
Solid Waste & Recycling	1,879,719	2,121,870	3,050,454	928,584	70%	
Water Utility	9,587,740	10,513,310	19,402,507	8,889,197	54%	Transfer to capital & reserves not done yet
Sewer Utility	2,442,403	2,319,656	7,982,200	5,662,544	29%	Transfer to capital & reserves not done yet
Stormwater Utility	2,263,159	2,051,982	6,294,511	4,242,529	33%	Transfer to capital & reserves not done yet
<b>Finance</b>						
Finance	5,487,568	5,426,576	7,361,623	1,935,047	74%	
Parking Services	4,654,335	4,939,422	7,591,665	2,652,243	65%	Broughton Street Parkade revenue sharing with the Province of BC payment is processed later in the year
<b>Human Resources</b>	1,200,616	1,286,403	1,910,393	623,990	67%	Trending lower due to vacancies and reduced need in Return to Work Program
<b>Legal Services</b>	506,181	558,543	737,615	179,073	76%	
<b>Parks, Recreation and Facilities</b>						
Parks	7,210,991	6,980,539	11,163,441	4,182,902	63%	Seasonal work programs continue into Q4 and include natural areas, boulevard improvements and maintenance at Beacon Hill Park. Implementation of new technique to sports field renovations have resulted in savings.
Recreation	3,163,299	3,358,128	4,287,490	929,362	78%	
Facilities	3,900,520	3,958,183	5,593,496	1,635,313	71%	
<b>Sustainable Planning and Community Development</b>	3,733,933	3,809,743	5,965,040	2,155,296	64%	The Downtown Core Area Plan, Official Community Plan and Victoria Housing Strategy work continues in Q4
<b>Victoria Fire Department</b>	11,295,410	12,450,292	16,660,868	4,210,576	75%	
<b>Corporate</b>						
Contingencies	-	-	1,993,336	1,993,336	0%	
Debt Principal, Interest and Reserve Transfer	3,363,548	3,683,735	7,827,583	4,143,848	47%	Timing of debt payments; and transfer to reserve not done yet
Grants	2,747,002	3,506,327	2,834,294	(672,033)	124%	Payment of Victoria Housing Fund Grants offset by revenue transferred from the Victoria Housing Reserve
Hotel Tax	1,381,062	-	-	-		
Miscellaneous	1,852,091	1,732,170	3,057,700	1,325,530	57%	Year end transfers not recorded yet
Transfer to VCC	-	300,000	300,000	-	100%	
Transfers to Reserve	(573,951)	14,102,633	17,139,369	3,036,736	82%	Not all transfers to reserves recorded yet
Transfer to Capital Budget	-	10,161,000	10,161,000	-	100%	
<b>Greater Victoria Public Library</b>	3,167,433	3,576,730	4,879,695	1,302,965	73%	
<b>Victoria Police Department</b>	36,145,418	38,940,489	53,253,743	14,313,254	73%	
<b>Total</b>	<b>126,276,862</b>	<b>155,354,496</b>	<b>231,844,600</b>	<b>72,490,103</b>	<b>59%</b>	

**City of Victoria - Operating Budget Revenues/Funding Sources**  
**For the Nice Months Ending September 30, 2017**

	Q3 2016 Actual	Q3 2017 Actual	2017 Budget	Variance	%	Explanation
<b>Deputy City Manager</b>				-		
Deputy City Manager	-	-	3,000	3,000	0%	Bastion Square Market fee
Arts, Culture and Events	59,589	456,668	397,800	(58,868)	115%	Canada 150 grant not budgeted but has offsetting expenses; transfer of funds from the Public Art Reserve not yet done
Special Events Third Party Billings	21,018	22,490	-	(22,490)		Full cost recovery of related expenses
Engagement	4,400	300	-	(300)		
Legislative and Regulatory Services	239,673	250,247	287,350	37,103	87%	
Bylaw Enforcement Third Party Billing	21,338	14,779	-	(14,779)		Full cost recovery of related expenses
Real Estate	1,179,478	1,378,068	1,786,750	408,682	77%	
Victoria Conference Centre (VCC)	2,646,432	2,585,903	3,739,138	1,153,235	69%	September parking revenue and recovery from Tourism Victoria posted in Q4
VCC Event Costs Paid by Clients	2,639,574	2,723,553	3,460,000	736,447	79%	Full cost recovery of related expenses
<b>Engineering and Public Works</b>				-		
Engineering and Public Works	283,483	389,167	967,439	578,272	40%	Enroachment fees trending lower and carry forward funding for Transportation Strategy and Mall and Squares repairs not yet done
Third Party Billings	785,186	488,513	528,400	39,887	92%	Full cost recovery of related expenses
Solid Waste and Recycling	2,010,147	2,017,940	3,050,454	1,032,514	66%	Lower revenue recorded due to timing of billings
Sewer Utility	5,469,096	5,468,321	7,982,200	2,513,879	69%	Lower revenue recorded due to timing of billings
Water Utility	12,208,594	12,501,528	19,402,507	6,900,979	64%	Lower revenue recorded due to timing of billings
Storm Drain Utility	-	1,204,077	6,294,511	5,090,434	19%	Billing in October
<b>Finance</b>	-	600	-	(600)		
Parking Services	12,631,849	13,026,577	16,042,800	3,016,223	81%	Total parkade transactions increased by just over 5%; 374,000 transactions compared to 356,000 in Q3 2016 and ParkVictoria transactions increased by 41%; 144,000 from 102,000 in Q3 2016
<b>Parks, Recreation and Facilities</b>	2,306,444	2,255,677	2,986,966	731,289	76%	Year end funding entries not recorded yet
<b>Sustainable Planning and Community Development</b>	3,236,555	3,845,254	3,563,501	(281,753)	108%	Building permits, electrical and plumbing permits and rezoning revenues are trending higher than expected
<b>Victoria Fire Department</b>	105,775	89,068	159,700	70,632	56%	Oil burner permits and fire safety review plans trending higher than expected, but showing lower at this point due to confined space and fire technical high angle rope rescue cost sharing that is received later in year. Carry forward funding entry not yet done for Emergency Management hazard, risk and vulnerability study
<b>Corporate</b>				-		
Payment in Lieu of Taxes/Special Assessments	4,296,753	4,410,426	7,416,140	3,005,714	59%	Payments received later in the year
Fees and Interest	2,571,424	2,531,957	3,490,000	958,043	73%	Timing of investment income varies from year to year
Business and Other Licences	1,355,633	1,455,741	1,499,500	43,759	97%	Majority of business licenses revenue recognized in Q1
Overhead Recoveries	2,583,694	1,829,250	3,310,160	1,480,910	55%	Timing of entries
Hotel Tax	1,370,232	-	-	-		
Miscellaneous	3,369,974	5,998,771	8,000,192	2,001,421	75%	Revenues received later in year; includes Gas Tax and Arena revenue sharing; Fortis franchise revenue higher than budget by 42,000 and Traffic Fine Revenue \$217,000 less than budget. Victoria Housing Grant revenue is recognized from the Victoria Housing Reserve; offset against matching expenditures
Prior Year's Surplus	-	3,827,909	3,827,909	-	100%	
<b>Victoria Police Department</b>	6,368,285	7,299,729	8,736,916	1,437,187	84%	Recoveries from Special Events are trending higher; though offset against higher expenditures
<b>Property Taxes</b>	120,139,530	124,916,053	124,911,268	(4,785)	100%	
<b>Total</b>	<b>187,204,188</b>	<b>200,989,585</b>	<b>251,844,601</b>	<b>50,865,038</b>	<b>87%</b>	



**City of Victoria - Capital Budget Expenditures  
For the Nine Months Ending September 30, 2017**

	Q3 2017 Actual	2017 Budget	Variance	%	Explanation
<b>Active Transportation</b>	3,457,200	13,533,000	10,783,551	26%	Pandora Bike lanes completed in Q1; Fort Street Bike lanes construction to start in Q4. Niagara, Pembroke and Brighton sidewalk implementation are complete and Higgins is to start construction in Q4. Douglas Street Bus Lanes going out to tender for the second time in November.
<b>Complete Streets</b>	1,658,859	5,840,000	4,893,481	28%	Projects in progress; Belleville Street started in Q4 with expected completion in 2018. Cook from Pandora to Caledonia and Southgate Street major street rehabilitation complete. The Vancouver - Southgate to Fairfield and Cook Street at Fairfield projects have been deferred to 2019 to align with the bike lane implementation. The Douglas, Hillside to Burnside project is deferred contingent on the Douglas Street Bus Lane project.
<b>Neighbourhoods</b>	54,969	338,000	290,574	16%	Wayfinding, seasonal animation and participatory budgeting are in progress. My Great Neighbourhood Grants first intake was awarded in August with the grant payment issued in October.
<b>Parks</b>	459,897	2,049,000	1,723,585	22%	Vic West Park and Beacon Hill Park Street Light Poles projects complete; park improvements in Hollywood Park, Raynor Park and Central Park, outdoor sport court improvements are expected to be complete in Q4. Burnside Gorge new park design and Topaz Park Improvement Plan underway and expected to carry forward to 2018.
<b>Street Infrastructure</b>	1,427,254	3,700,000	3,077,662	39%	LED replacement Phase 1 complete with Phase 2 in progress. Projects underway include Electrical Wood Pole Inventory and Selkirk Development Streetlight Replacement to start in Q4
<b>Retaining Walls and Railings</b>	522,034	1,085,000	771,820	48%	The Dallas Road Seawall Ballustrade, Dallas Road Bluff Study and Clover Point Shoreline Remediation projects are being deferred to 2018 due to the CRD doing geotechnical studies on Dallas Road and force main construction as part of the Wastewater project.
<b>Bridges</b>	13,735,975	21,940,000	17,211,405	63%	
<b>Facilities</b>	2,264,457	76,972,000	76,146,954	3%	Majority of projects are underway including the planning for the Crystal Pool Replacement project. The library branch in James Bay is also underway, with an expected completion in early 2018.
<b>Equipment</b>	4,190,239	10,327,000	8,683,154	41%	Vehicle and Heavy Equipment procurement and other projects in progress. The underground fuel storage tank replacement is on hold pending completion of the Public Works Master Plan
<b>Environmental Remediation</b>	76,657	1,058,000	991,294	7%	Site investigation at Laurel Point Park
<b>Sanitary Sewers</b>	2,271,483	3,840,000	2,466,013	59%	Carry forward projects are complete. 2017 projects are in progress with mains replacement and inflow and infiltration projects scheduled to start in Q4.
<b>Stormwater</b>	2,984,214	7,121,000	5,066,380	42%	Carry forward projects are complete, 2017 mains replacements in progress; system planning and assessment is progressing slower due to change in ownership of the contractor.
<b>Waterworks</b>	3,624,295	5,957,000	3,312,300	61%	Majority of carry forward projects complete, 2017 projects are in progress with the majority of mains replacement scheduled to be complete at year end.
<b>Contingency</b>	-	357,000	357,000	0%	
<b>Victoria Police</b>	958,620	1,277,000	541,746	75%	In progress
<b>Total</b>	<b>37,686,154</b>	<b>155,394,000</b>	<b>136,318,917</b>	<b>34%</b>	

**City of Victoria - Budgeted Full-Time Equivalent Employees  
For the Nine Months Ending September 30, 2017**

	FTE 2017
<b>City Manager's Office</b>	5.00
<b>Deputy City Manager</b>	2.00
Arts, Culture & Events	7.29
Economic Development	1.00
Engagement	15.00
Human Resources	11.00
Legislative and Regulatory Services	21.88
Real Estate	3.00
Victoria Conference Centre	13.62
<b>Engineering &amp; Public Works</b>	273.72
<b>Finance</b>	102.26
<b>Legal Services</b>	4.00
<b>Parks, Recreation and Facilities</b>	176.81
<b>Sustainable Planning and Community Development</b>	43.43
<b>Victoria Fire Department</b>	123.09
<b>Total</b>	<b>803.10</b>